



Utah Counties Insurance Pool

AGENDA

BOARD OF TRUSTEES MEETING

Friday, June 5, 2009, 8:30 a.m., Centennial Room
Zion Park Inn, 1215 Zion Park Blvd, Springdale, UT

7:30	Breakfast	Switchback Grill
8:30	Call to Order and Welcome Attendees	Kay Blackwell

ITEM ACTION

1	Excuse Board Members Absent	Kay Blackwell
2	Approval of April 14, 2009 Meeting Minutes	Steve Wall
3	Review/Approve 2008 Actuarial Report and 2008 Financial Audit	Wayne Smith
4	First Quarter 2009 Financial Statements Review	Johnnie Miller
5	Review Draft 2010 Budgets	Johnnie Miller
6	Property Reinsurance Renewal	Johnnie Miller
7	Bylaws Committee Report	Kay Blackwell
8	Coverage Agreement Committee Report	Ken Bischoff
9	Consider Benefits Consulting Contract	Johnnie Miller
10	Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual	Kay Blackwell
11	Action on Personnel Matters	Kay Blackwell
12	Set Date and Time for Closed Meeting to Discuss the Pending or Reasonably Imminent Litigation	Kay Blackwell
13	Action on Litigation Matters	Kent Sundberg
14	Set Date and Time for Closed Meeting to Discuss the Purchase, Exchange, or Lease of Real Property	Kay Blackwell
15	Action on Real Property Matters	Kay Blackwell
16	Ratification and Approval of Payments and Credit Card Transactions	Steve Wall

INFORMATION

17	Loss Control Manager's Report	Mark Brady
18	Chief Executive Officer's Report	Johnnie Miller
19	Other Business	Kay Blackwell

Adjourn

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Utah Counties Insurance Pool

[Board of Trustees](#)

Subject: Insurance
Notice Title: Board of Trustees
Notice Date & Time: June 5, 2009
8:30 AM - 12:00 PM

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Description/Agenda:

Call to Order and Welcome Attendees
Excuse Board Members Absent
Approval of April 14, 2009 Meeting Minutes
Review/Approve 2008 Actuarial Report and 2008 Financial Audit
First Quarter 2009 Financial Statements Review
Review Draft 2010 Budgets
Property Reinsurance Renewal
Bylaws Committee Report
Coverage Agreement Committee Report
Consider Benefits Consulting Contract
Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual
Action on Personnel Matters
Set Date and Time for Closed Meeting to Discuss the Pending or Reasonably Imminent Litigation
Action on Litigation Matters
Set Date and Time for Closed Meeting to Discuss the Purchase, Exchange, or Lease of Real Property

Meeting Location:

1215 Zion Park Blvd

Springdale 84767

[Map this!](#)

Contact Information:

Action on Real Property Matters
Ratification and Approval of Payments
and Credit Card Transactions
Loss Control Manager's Report
Chief Executive Officer's Report
Other Business
Adjourn

Sonya White
801-565-8500
sonya@ucip.utah.gov

Notice of Special Accommodations:

In compliance with the Americans
with Disabilities Act, individuals
needing special accommodations
(including auxiliary communicative
aids and services) during this
meeting should notify Sonya White
at the Utah Counties Insurance Pool,
PO Box 760, Midvale, UT 84047, or
call 800-339-4070, at least three
days prior to the meeting.

Notice of Electronic or telephone
participation:

Any Member of the Utah Counties
Insurance Pool Board of Trustees
may participate telephonically.


Other information:

Attachments:

[Agenda.pdf](#)

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Utah Counties Insurance Pool
Supporting Your Goals Since 1992

BOARD OF TRUSTEES MEETING

MINUTES

June 5, 2009, 8:30 a.m.
Zion Park Inn, Springdale, UT

BOARD MEMBERS PRESENT

Kay Blackwell, *President*, Piute County Commissioner
Ken Bischoff, *Vice President*, Weber County Commissioner
Steve Wall, *Secretary-Treasurer*, Sevier County Clerk-Auditor
Bruce Adams, San Juan County Commissioner
Brad Dee, Weber County Human Resources Director
Jim Eardley, Washington County Commissioner
Jerry Hess, Davis County Deputy Attorney
Jerry Hurst, Tooele County Commissioner
Karla Johnson, Kane County Clerk-Auditor
Wayne Smith, Iron County Commissioner
Kent Sundberg, Utah County Deputy Attorney
Steve White, Utah County Commissioner

BOARD MEMBERS ABSENT

LaMar Guymon, Emery County Sheriff

OTHERS PRESENT

Johnnie Miller, UCIP Chief Executive Officer
Mark Brady, UCIP Loss Control Manager
Shaney Kelleher, UCIP Member Services Specialist

Call to Order

Kay Blackwell called this meeting of the Utah Counties Insurance Pool Board of Trustees to order at 8:30 a.m. on June 5, 2009 and welcomed those in attendance.

Review/Excuse Board Members Absent

LaMar Guymon requested to be excused from this meeting due to his attendance at a funeral. Wayne Smith made a motion to excuse LaMar Guymon from this meeting. Karla Johnson seconded the motion, which passed unanimously.

Approval of April 14 Meeting Minutes

The minutes of the Board of Trustees meeting held April 14, 2009 were previously sent to the Board Members for review. Steve Wall made a motion to approve the April 14, 2009 meeting minutes as written. Ken Bischoff seconded the motion, which passed unanimously.

Review/Approve 2008 Actuarial Report and 2008 Financial Audit

The 2008 Actuarial Report for the Multiline Pool and the Workers' Compensation Pool and the 2008 Financial Audit were provided to the Board Members (see attachments number one, two, and three). Steve Wall reported that the Audit Committee has met with the actuary and auditors and recommends the Reports and Audit be approved. Steve White made a motion to approve the 2008 Actuarial Reports and the 2008 Financial Audit. Jerry Hurst seconded the motion, which passed unanimously.

First Quarter 2009 Financial Statements Review

Johnnie Miller reviewed the first quarter, in-house prepared, accrual basis 2009 financial statement summary with the Board (see attachment number four); the Audit Committee previously reviewed the entire first quarter financial statements. Johnnie recommended that a quarterly loss analysis be

provided by the actuaries so that the loss reserves will be more accurately shown on the quarterly financials. At this time, Sonya White prepares monthly financial statements and then the Board reviews the statements quarterly. Johnnie recommended that staff prepare only quarterly statements and accompanying summaries. Steve Wall made a motion directing staff to prepare quarterly, rather than monthly, financial statements. Steve White seconded the motion, which passed unanimously. Ken Bischoff made a motion to approve the first quarter 2009 financial statements as prepared. Wayne Smith seconded the motion, which passed unanimously.

Review Draft 2010 Budgets

Johnnie Miller reviewed the combined program 2010 tentative budget with the Board (see attachment number five). Johnnie suggested revising and combining several line items on the budget form. Consensus of the Board was for staff to consult with the State Auditor's Office and UCIP's auditors and then revise the budget format as staff deems appropriate and efficient. Brad Dee made a motion to approve the 2010 Budget. Steve Wall seconded the motion, which passed unanimously. The proposed 2010 budget will be included in the rate analysis calculated by the actuary and will be provided to the Board at its August meeting.

Property Reinsurance Renewal

Johnnie Miller reviewed the County Reinsurance, Limited's (CRL) property reinsurance renewal, for the policy year July 1, 2009 through July 1, 2010, with the Board (see attachment number six). The largest layers of the CRL's structure are AIU subsidiaries. The CRL Underwriting Committee has requested that Marsh go out to bid. Rates have remained stable except for a two-percent capitalization/surplus fee (see attachment number seven). Johnnie recommended that the Pool remain with CRL. Ken Bischoff made a motion to approve the Property Reinsurance Renewal, effective July 1, 2009. Jerry Hurst seconded the motion, which passed unanimously.

Bylaws Committee Report

Kay Blackwell reported that the Committee met to review any updates/changes to the Bylaws and Interlocal Cooperation Agreement. Language regarding termination of membership and whether the Pool is obligated to continue to pay claims is an issue that needs immediate attention. The Board directed Johnnie Miller to hire an attorney to review the language and put Grand County on notice that there may be an issue. The Bylaws Committee will continue to meet and recommend changes to the Board when a draft is ready for review.

Coverage Agreement Committee Report

Ken Bischoff reported that the Committee met to review any updates/changes to the Coverage Agreement. The Pool's Reinsurance Carrier, CRL (County Reinsurance, Limited), has recommended changes to assure concurrence between the Pool's document and reinsurance coverage. Kent Sundberg has been advised to discuss land use coverage concerns with the Litigation Management Committee. The Coverage Agreement Committee will continue to meet and recommend changes to the Board when a draft is ready for review.

Consider Benefits Consulting Contract

Johnnie Miller recommended that the Board reconsider their prior resolution to go out to bid for consulting services for the Benefits Pool. Steve White made a motion rescinding the prior Board resolution for staff to conduct an RFP process for benefits consulting services. Karla Johnson seconded the motion, which passed unanimously.

Set Date and Time for Closed Meeting

Steve Wall made a motion to strike agenda item: Set the date and time for a closed meeting to discuss the character, professional competence, physical/mental health of an individual. Steve White seconded the motion, which passed unanimously.

Action on Personnel Matters

Steve White made a motion to strike agenda item: Action on Personnel Matters. Steve Wall seconded the motion, which passed unanimously.

Set Date and Time for Closed Meeting

Steve White made a motion to set the date and time for a closed meeting to discuss pending or reasonably imminent litigation for 11:15 a.m. on June 5, 2009. Kent Sundberg seconded the motion, which passed unanimously. Board Members present at the closed meeting were: Kay Blackwell, Ken Bischoff, Steve Wall, Bruce Adams, Brad Dee, Jim Eardley, Jerry Hess, Jerry Hurst, Karla Johnson, Wayne Smith, Kent Sundberg and Steve White. Johnnie Miller, Mark Brady and Shaney Kelleher were also present. Kent Sundberg and Steve White were excused during Utah County litigation discussions. Ken Bischoff and Brad Dee were excused during Weber County litigation discussions.

The regular meeting resumed at 11:32 a.m. on June 5, 2009.

Action on Litigation Matters

Kent Sundberg made a motion authorizing settlement authority in the amount of \$80,000 to the Claims Manager in the matter of UTA0001622008. Jim Eardley seconded the motion, which passed unanimously.

Kent Sundberg made a motion to direct the Chief Executive Officer and Claims Manager to negotiate settlement of the Christensen and Jensen bill in the matter of WEB0001832008 in the amount of \$25,000. Jim Eardley seconded the motion, which passed unanimously.

Set Date and Time for Closed Meeting

Ken Bischoff made a motion to strike agenda item: Set the date and time for a closed meeting to discuss the purchase, exchange, or lease of real property. Jerry Hurst seconded the motion, which passed unanimously.

Action on Real Property Matters

Johnnie Miller reviewed the offer made by the State of Utah Department of Transportation on portions of the Pool's property located on 700 East in Sandy (see attachment number seven). UDOT is offering \$14,014 for the taking of 728 square feet of the property, and an additional \$5,224 for a temporary construction easement of 1,898 square feet. Jim Eardley made a motion to accept the State's offer of \$19,238. Ken Bischoff seconded the motion, which passed unanimously.

Ratification and Approval of Payments and Credit Card Transactions

Steve Wall reviewed the payments made, payments to be made (see attachment number eight) and credit card transactions with the Board. Steve Wall made a motion to approve the payments made, payments to be made and credit card transactions. Steve White seconded the motion, which passed unanimously.

Loss Control Manager's Report

Mark Brady explained that the field work for the scheduled member appraisals is complete. UCIP has received the appraisal report for Beaver County and anticipates that the reports for the remaining eight counties will be received by June 30.

Mark reported that the Utah Association of Counties has contacted him to conduct sexual harassment training for them.

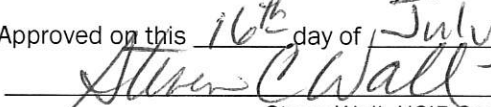
Chief Executive Officer's Report

Johnnie Miller reported that the Certificate in Risk Management training has been cancelled for 2009.

Johnnie explained that Utah Association of Counties (UAC) staff is working on the formatting of the exclusive agreement with the Pool and will have the final draft ready for approval by the UAC Board of Directors at their meeting next week.

Other Business

The next meeting of the Board of Trustees is scheduled for July 16, 2009, 12:00 noon, at the UCIP Offices. Karla Johnson made a motion to reschedule the August 10 meeting for August 13 at 12:00 noon at the UCIP Offices. Steve White seconded the motion, which passed unanimously.

Approved on this 16th day of July 2009

Steve Wall, UCIP Secretary-Treasurer

UTAH COUNTIES INSURANCE POOL (UCIP)

Property and Liability Program

ACTUARIAL REPORT

*Estimated Required Reserves
as of 12/31/08*

**COMPARISON OF ESTIMATED ULTIMATE
INCURRED LOSSES TO PRIOR ACTUARIAL REPORT
ALL COVERAGES**

(Limited to Specific and Aggregate Retentions)
(Net of Recoveries)

Policy Period	Current Report (Table 31 Section B)	6/24/08 Report (Table 30 Section B)	Change	Percent Change
1/1-12/31/92	\$ 850,000 @	\$ 850,000 @	\$ 0	0.0%
1/1-12/31/93	1,100,000 @	1,100,000 @	0	0.0%
1/1-12/31/94	1,350,000 @	1,350,000 @	0	0.0%
1/1-12/31/95	903,375	903,375	0	0.0%
1/1-12/31/96	899,711	899,711	0	0.0%
1/1-12/31/97	1,178,735	1,215,436	(36,701)	(3.0%)
1/1-12/31/98	1,396,997	1,396,217	780	0.1%
1/1-12/31/99	1,530,000 @	1,530,000 @	0	0.0%
1/1-12/31/00	1,067,854	1,067,854	0	0.0%
1/1-12/31/01	1,715,000 @	1,715,000 @	0	0.0%
1/1-12/31/02	1,850,000 @	1,850,000 @	0	0.0%
1/1-12/31/03	2,776,190	2,754,948	21,242	0.8%
1/1-12/31/04	2,583,415	2,261,726	321,689	14.2%
1/1-12/31/05	2,792,292	2,877,981	(85,689)	(3.0%)
1/1-12/31/06	2,180,682	1,982,807	197,875	10.0%
1/1-12/31/07	3,215,843	2,810,308	405,535	14.4%
Total	\$27,390,094	\$26,565,363	\$ 824,731	3.1%

@ Limited to the aggregate retention.

Figure 1

UTAH COUNTIES INSURANCE POOL

ALL COVERAGES

ESTIMATED RETAINED LOSSES AS OF 12/31/08

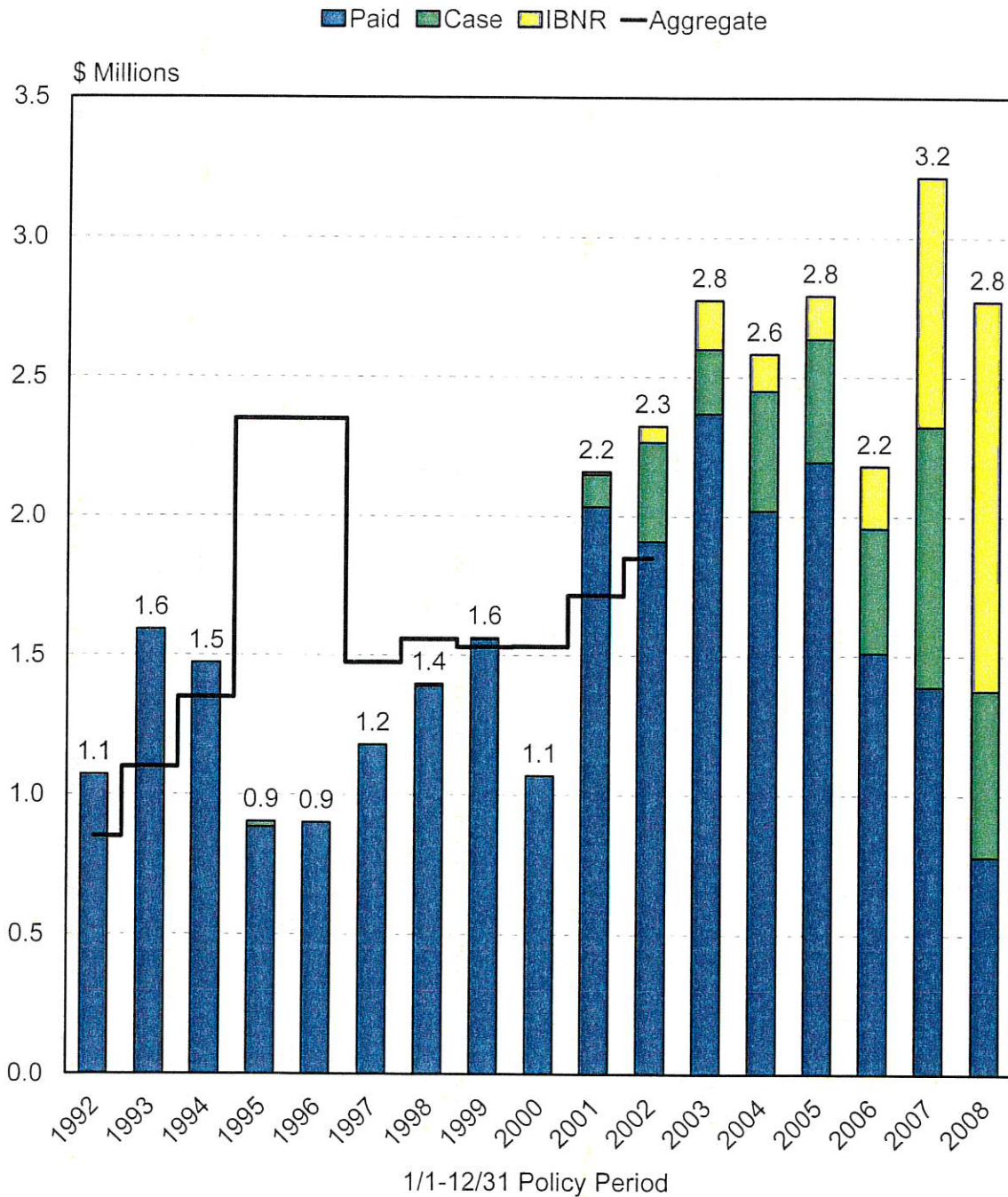


Figure 2

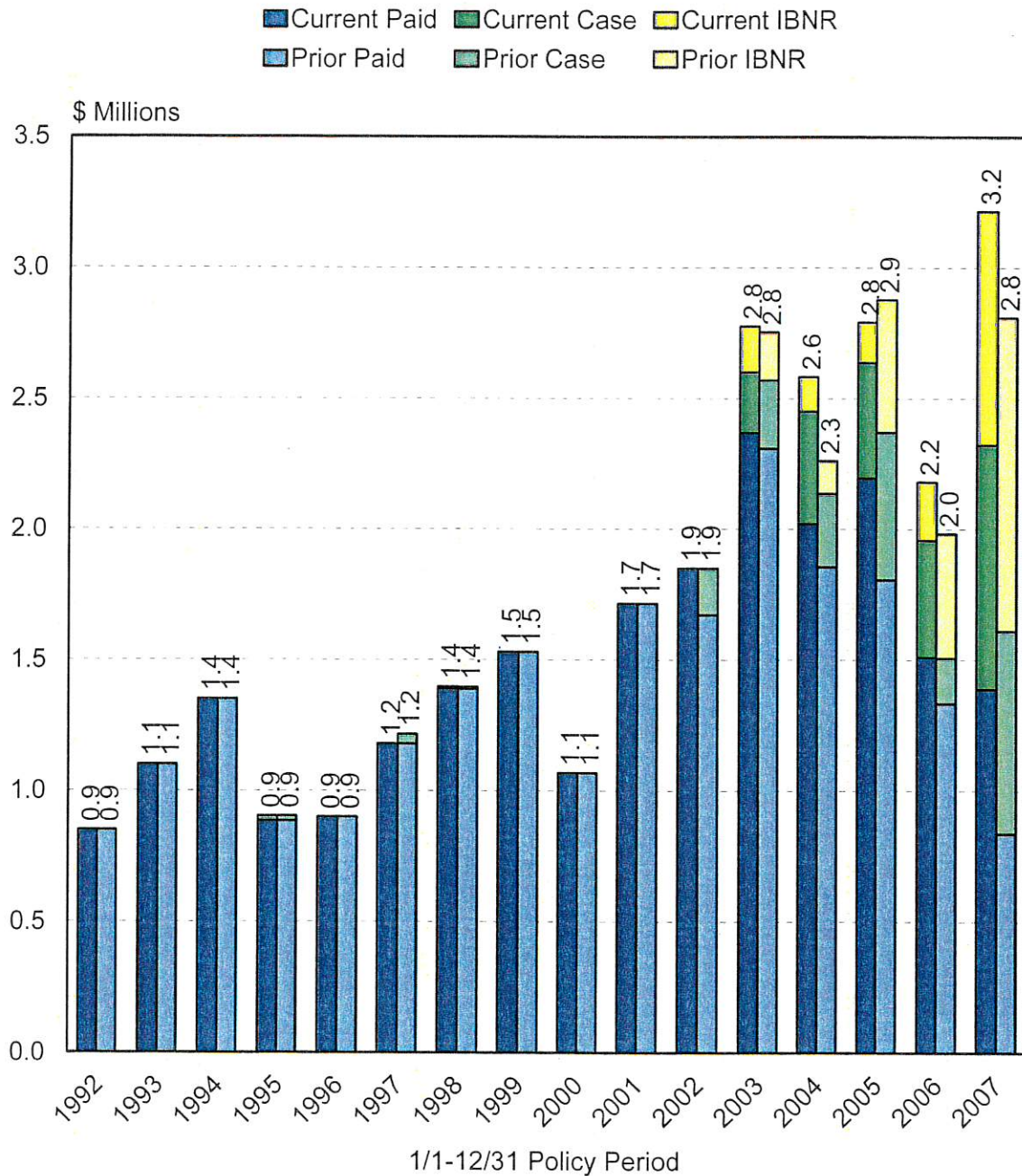
UTAH COUNTIES INSURANCE POOL**ALL COVERAGES****COMPARISON OF ESTIMATED ULTIMATE INCURRED LOSSES TO PRIOR REPORT**
(Limited to Specific and Aggregate Retentions)

Figure 3

UTAH COUNTIES INSURANCE POOL

GENERAL LIABILITY

HISTORICAL AND EXPECTED DEVELOPMENT OF INCURRED LOSSES
(Unlimited Losses Including ALAE Gross of Recoveries)

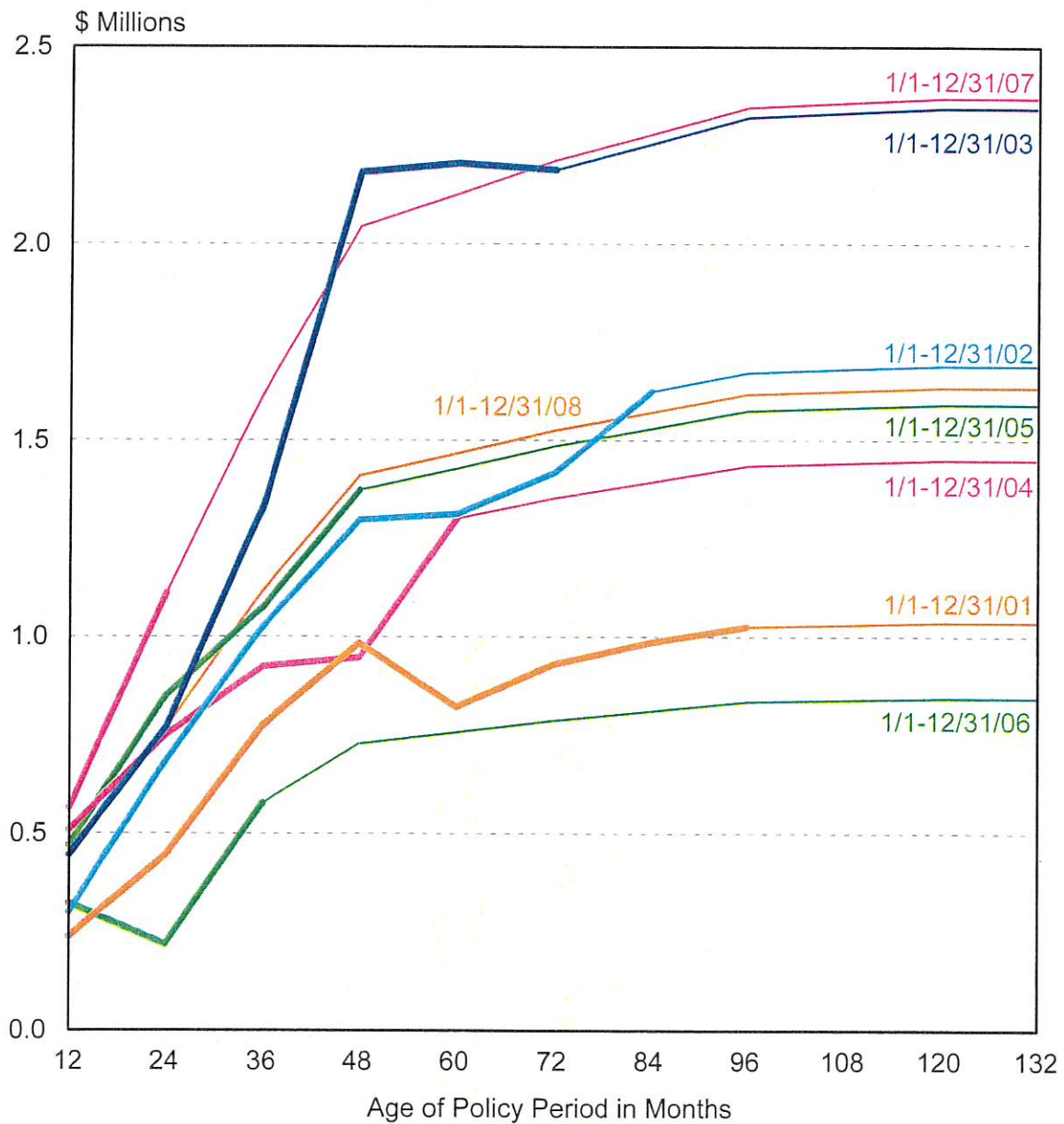


Figure 4

UTAH COUNTIES INSURANCE POOL

GENERAL LIABILITY

HISTORICAL AND EXPECTED DEVELOPMENT OF PAID LOSSES
(Unlimited Losses Including ALAE Gross of Recoveries)

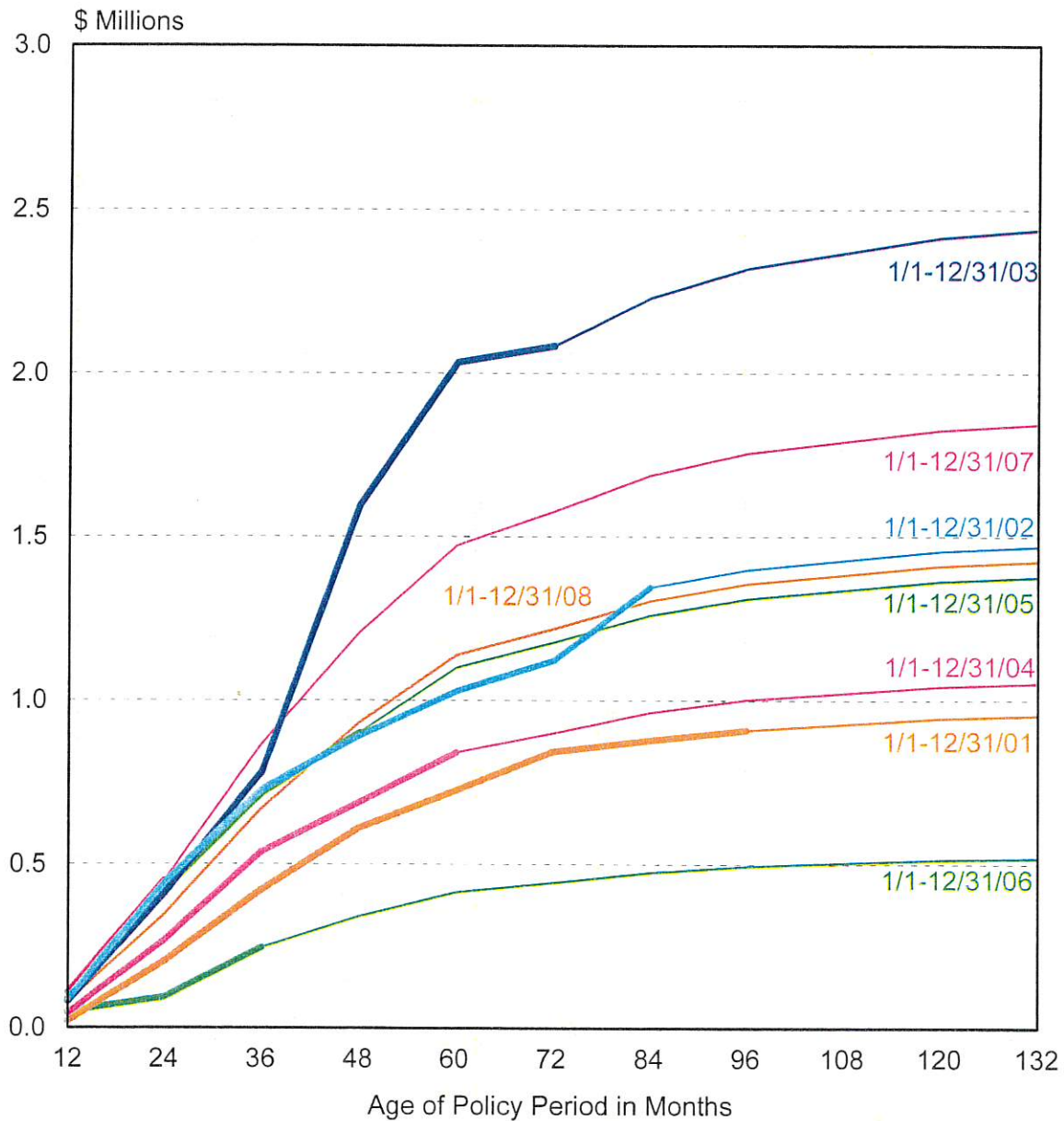


Figure 5

UTAH COUNTIES INSURANCE POOL

GENERAL LIABILITY

SELECTED ESTIMATED ULTIMATE INCURRED LOSSES
(Limited to Specific Retention)

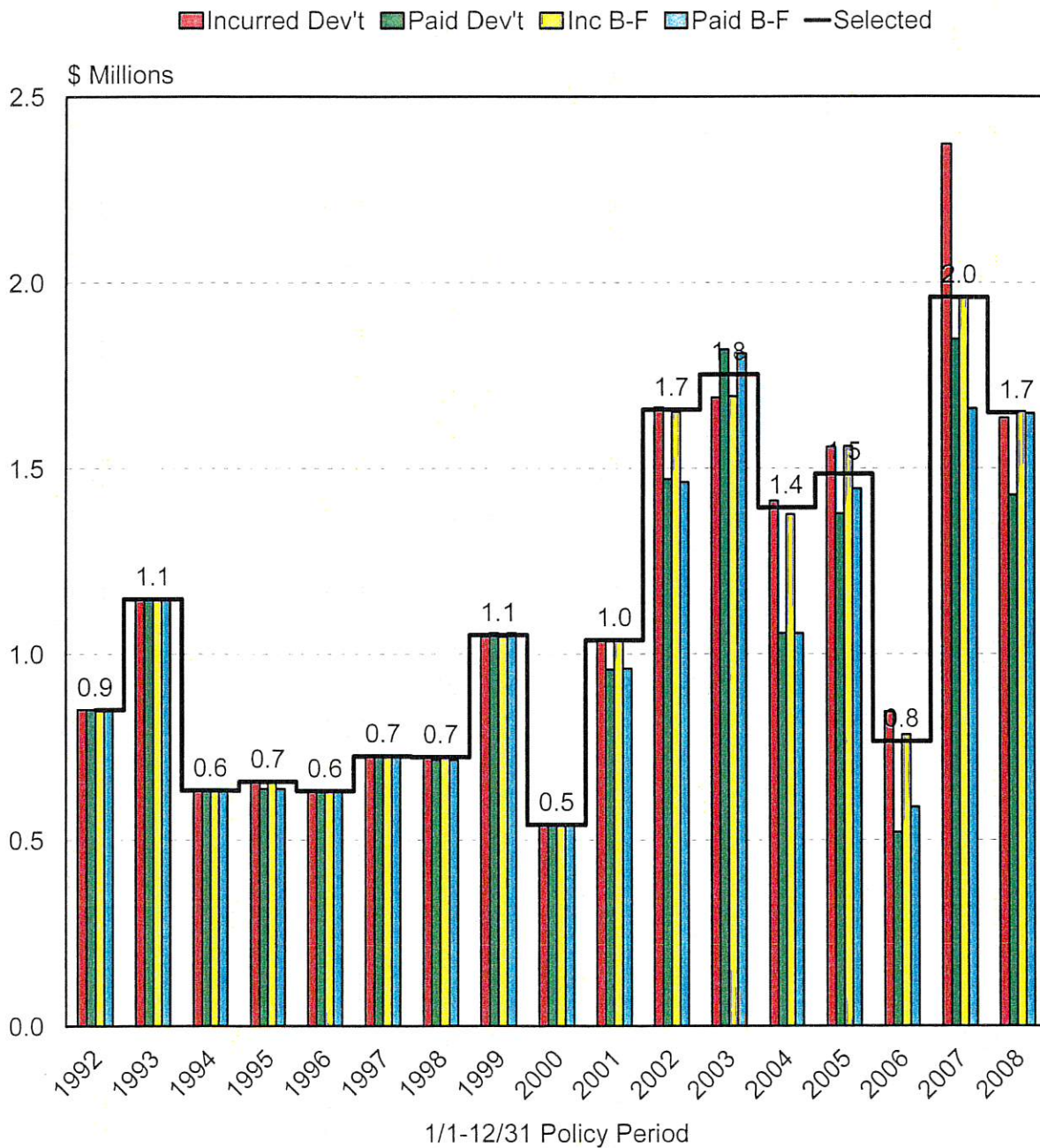


Table 32

UTAH COUNTIES INSURANCE POOL

ALL COVERAGES

ESTIMATED REQUIRED RESERVES AS OF 12/31/08

(Limited to Specific and Aggregate Retentions)
(Net of Recoveries)

A. LOSS SUMMARY

Policy Period	Estimated Ultimate Incurred Losses	Incurred Losses as of 12/31/08	Paid Losses as of 12/31/08
1/1-12/31/92	\$ 850,000	\$ 850,000	\$ 850,000
1/1-12/31/93	1,100,000	1,100,000	1,100,000
1/1-12/31/94	1,350,000	1,350,000	1,350,000
1/1-12/31/95	903,375	903,375	883,706
1/1-12/31/96	899,711	899,711	899,711
1/1-12/31/97	1,178,735	1,178,735	1,178,735
1/1-12/31/98	1,396,997	1,396,997	1,388,987
1/1-12/31/99	1,530,000	1,530,000	1,530,000
1/1-12/31/00	1,067,854	1,067,854	1,067,854
1/1-12/31/01	1,715,000	1,715,000	1,715,000
1/1-12/31/02	1,850,000	1,850,000	1,850,000
1/1-12/31/03	2,776,190	2,601,026	2,368,793
1/1-12/31/04	2,583,415	2,450,650	2,019,851
1/1-12/31/05	2,792,292	2,637,149	2,195,097
1/1-12/31/06	2,180,682	1,957,685	1,509,594
1/1-12/31/07	3,215,843	2,322,719	1,387,771
1/1-12/31/08	2,772,362	1,375,375	779,594
Total	\$30,162,456	\$27,186,276	\$24,074,693

B. ESTIMATED REQUIRED RESERVES AS OF 12/31/08

Policy Period	Case Reserves as of 12/31/08	Estimated IBNR as of 12/31/08	Estimated Required Reserves as of 12/31/08
1/1-12/31/92	\$ 0	\$ 0	\$ 0
1/1-12/31/93	0	0	0
1/1-12/31/94	0	0	0
1/1-12/31/95	19,669	0	19,669
1/1-12/31/96	0	0	0
1/1-12/31/97	0	0	0
1/1-12/31/98	8,010	0	8,010
1/1-12/31/99	0	0	0
1/1-12/31/00	0	0	0
1/1-12/31/01	0	0	0
1/1-12/31/02	0	0	0
1/1-12/31/03	232,233	175,164	407,397
1/1-12/31/04	430,799	132,765	563,564
1/1-12/31/05	442,052	155,143	597,195
1/1-12/31/06	448,091	222,997	671,088
1/1-12/31/07	934,948	893,124	1,828,072
1/1-12/31/08	595,781	1,396,987	1,992,768
Total	\$ 3,111,583	\$ 2,976,180	\$ 6,087,763

Table 34

UTAH COUNTIES INSURANCE POOL

ALL COVERAGES

HISTORICAL PROFITABILITY ANALYSIS

A. ESTIMATED UNDERWRITING INCOME

Policy Period	Premium*	Operating Expenses*	Funds Available for Claims	Estimated Ultimate Incurred Losses	Estimated Underwriting Income
1/1-12/31/01	\$ 3,222,871	\$ 1,489,185	\$ 1,733,686	\$ 1,715,000	\$ 18,686
1/1-12/31/02	3,505,736	1,644,953	1,860,783	1,850,000	10,783
1/1-12/31/03	3,930,854	2,042,668	1,888,186	2,776,190	(888,004)
1/1-12/31/04	4,194,644	2,048,851	2,145,793	2,583,415	(437,622)
1/1-12/31/05	4,217,591	2,046,257 #	2,171,334	2,792,292	(620,958)
1/1-12/31/06	4,195,406	2,058,540 #	2,136,866	2,180,682	(43,816)
1/1-12/31/07	4,676,898	2,426,559 #	2,250,339	3,215,843	(965,504)
1/1-12/31/08	4,944,015	1,947,402	2,996,613	2,772,362	224,251
Total	\$32,888,015	\$15,704,415	\$17,183,600	\$19,885,784	(\$2,702,184)

B. ESTIMATED FUND BALANCE

Policy Period	Estimated Underwriting Income	Interest & Other Income*	Estimated Net Income
1/1-12/31/01	\$ 18,686	\$ 434,407	\$ 453,093
1/1-12/31/02	10,783	237,750	248,533
1/1-12/31/03	(888,004)	223,149	(664,855)
1/1-12/31/04	(437,622)	230,501	(207,121)
1/1-12/31/05	(620,958)	400,393	(220,565)
1/1-12/31/06	(43,816)	618,976	575,160
1/1-12/31/07	(965,504)	554,819	(410,685)
1/1-12/31/08	224,251	(42,271)	181,980
Total	(\$2,702,184)	\$2,657,724	(\$ 44,460)

C. LOSS RATIOS

Policy Period	Paid Loss Ratio as of 12/31/08	Incurred Loss Ratio as of 12/31/08	Estimated Ultimate Incurred Loss Ratio	Permissible Loss Ratio (Funds Available/Premium)	Combined Ratio [(Losses+ Expenses)/Premium]
1/1-12/31/01	0.532	0.532	0.532	0.538	0.994
1/1-12/31/02	0.528	0.528	0.528	0.531	0.997
1/1-12/31/03	0.603	0.662	0.706	0.480	1.226
1/1-12/31/04	0.482	0.584	0.616	0.512	1.104
1/1-12/31/05	0.520	0.625	0.662	0.515	1.147
1/1-12/31/06	0.360	0.467	0.520	0.509	1.010
1/1-12/31/07	0.297	0.497	0.688	0.481	1.206
1/1-12/31/08	0.158	0.278	0.561	0.606	0.955
Total			0.605	0.522	1.082

* From the audited financial statements for prior to 1/1/08 and based on the 12/31/08 preliminary financial statements for 2008.

Split administrative expenses 19% worker compensation and 81% multi-line at UCIP's request.

UTAH COUNTIES INSURANCE POOL - WORKERS COMPENSATION

ACTUARIAL REPORT

*Estimated Required Reserves
as of 12/31/08*

**COMPARISON OF ESTIMATED ULTIMATE
INCURRED LOSSES TO PRIOR ACTUARIAL REPORT**
(Limited to Specific Retention)

<u>Policy Period</u>	<u>Current Report (Section A of Table 7)</u>	<u>4/21/08 Report (Section A of Table 7)</u>	<u>Change</u>	<u>Percent Change</u>
1/1-12/31/04	\$ 815,751	\$ 837,942	(\$ 22,191)	(2.6%)
1/1-12/31/05	1,555,865	1,617,005	(61,140)	(3.8%)
1/1-12/31/06	1,878,221	1,789,845	88,376	4.9%
1/1-12/31/07	<u>1,654,797</u>	<u>1,862,492</u>	<u>(207,695)</u>	<u>(11.2%)</u>
Total	\$5,904,634	\$6,107,283	(\$202,650)	(3.3%)

Figure 1

UTAH COUNTIES INSURANCE POOL - WORKERS COMPENSATION

ESTIMATED RETAINED LOSSES AS OF 12/31/08

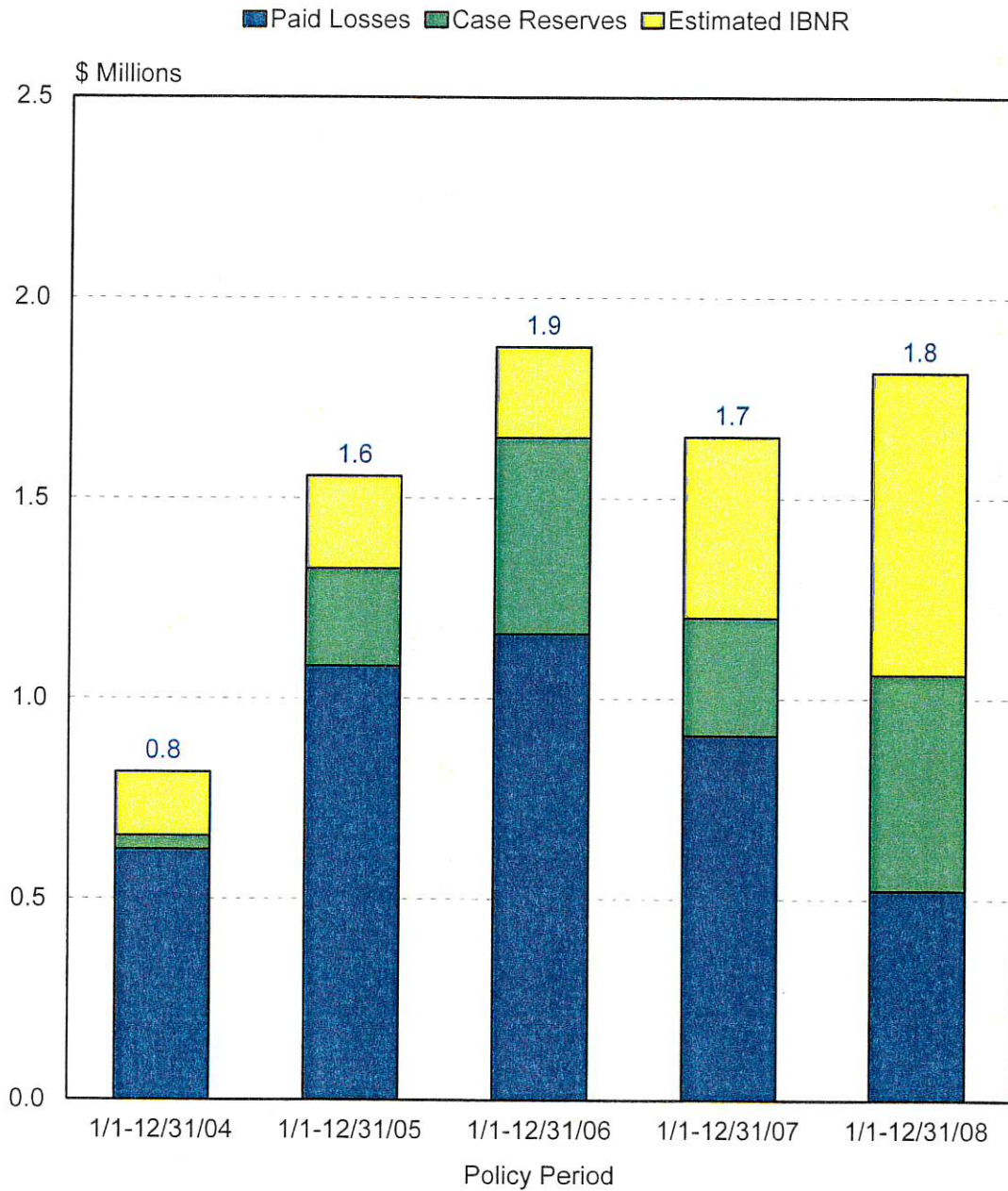


Figure 2

UTAH COUNTIES INSURANCE POOL - WORKERS COMPENSATION

COMPARISON OF ESTIMATED ULTIMATE INCURRED LOSSES TO PRIOR REPORT
(Limited to Specific Retention)

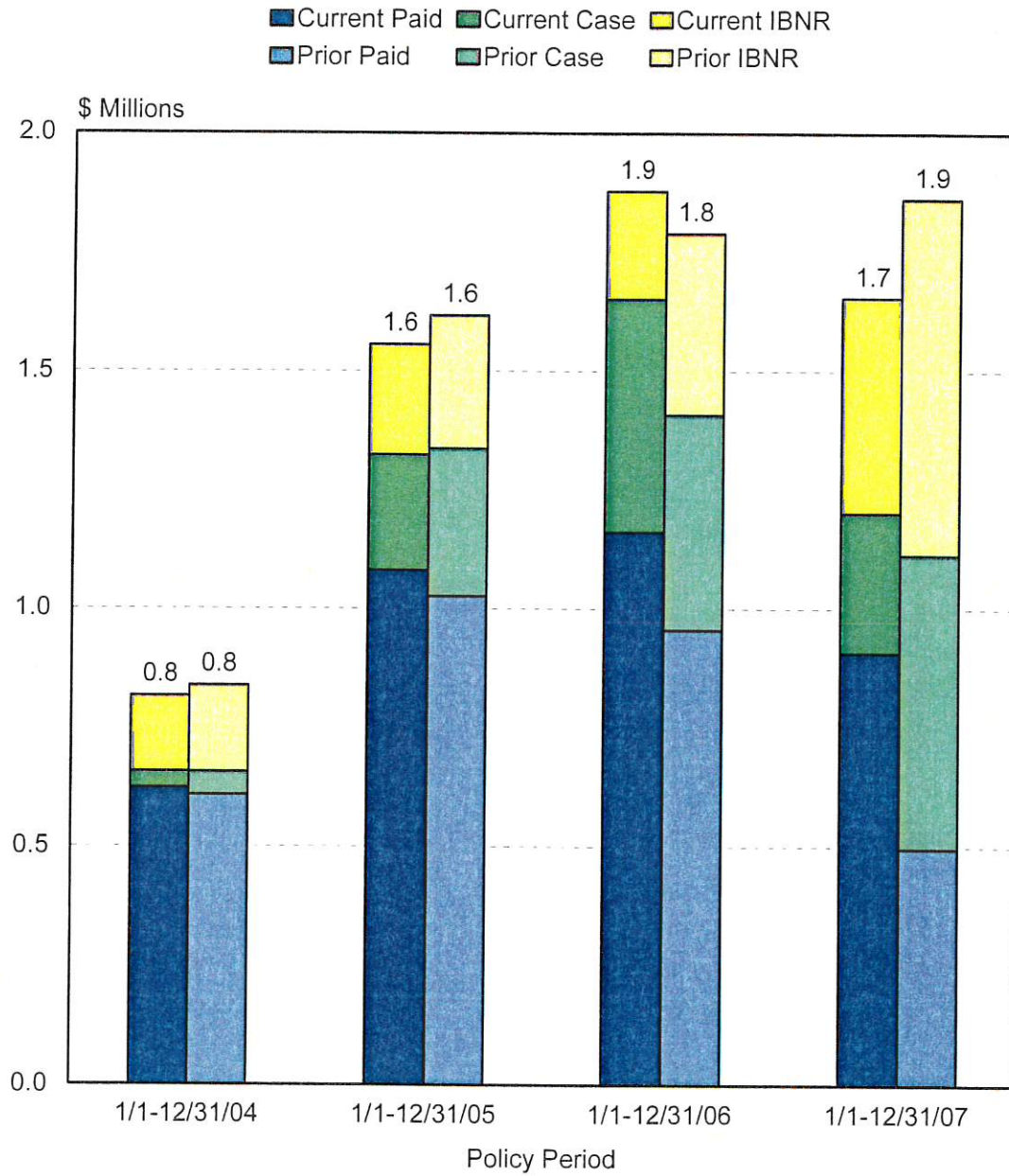
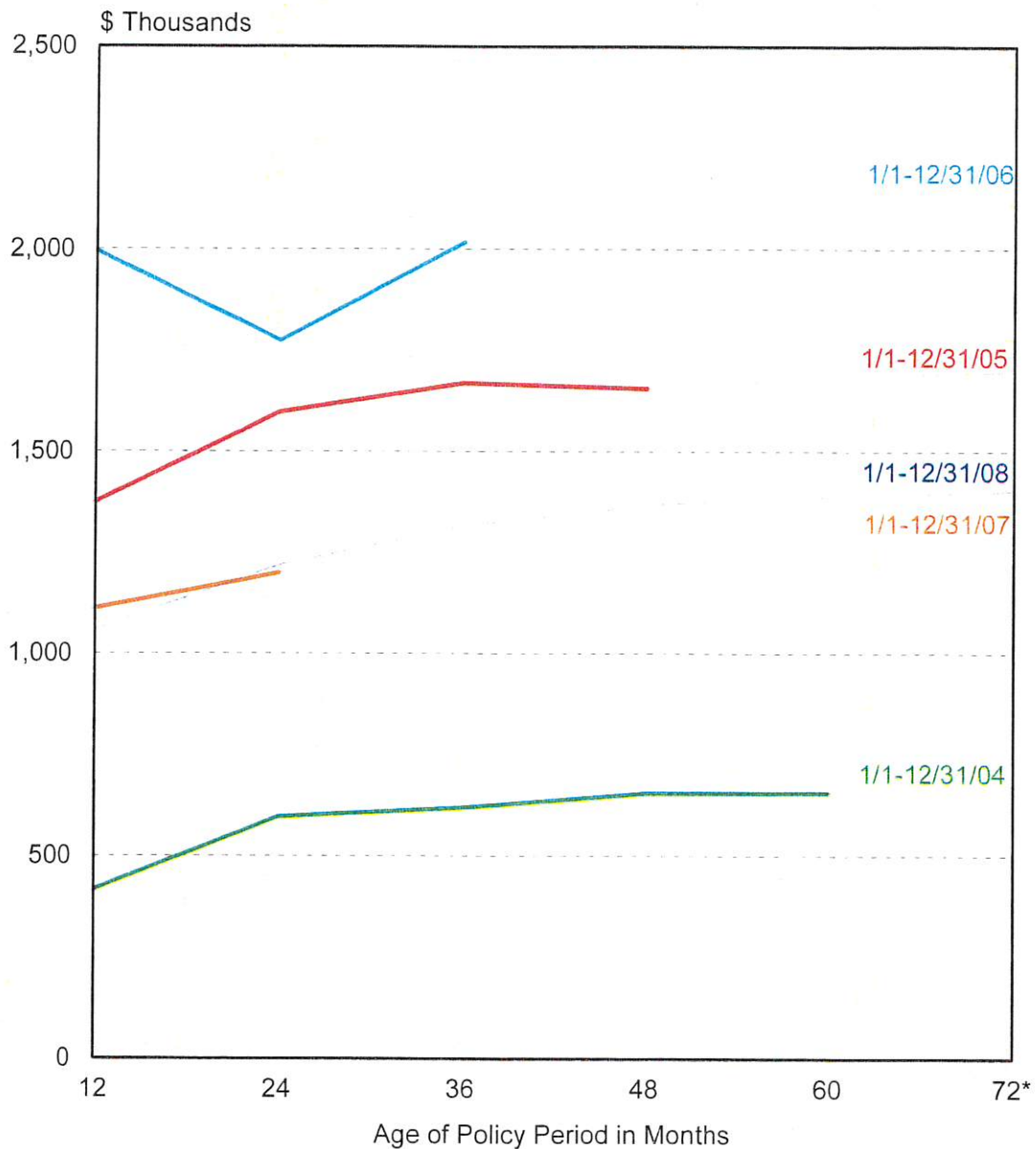


Figure 3

UTAH COUNTIES INSURANCE POOL - WORKERS COMPENSATION

HISTORICAL AND EXPECTED DEVELOPMENT OF INCURRED LOSSES
(Unlimited Losses Including ALAE)

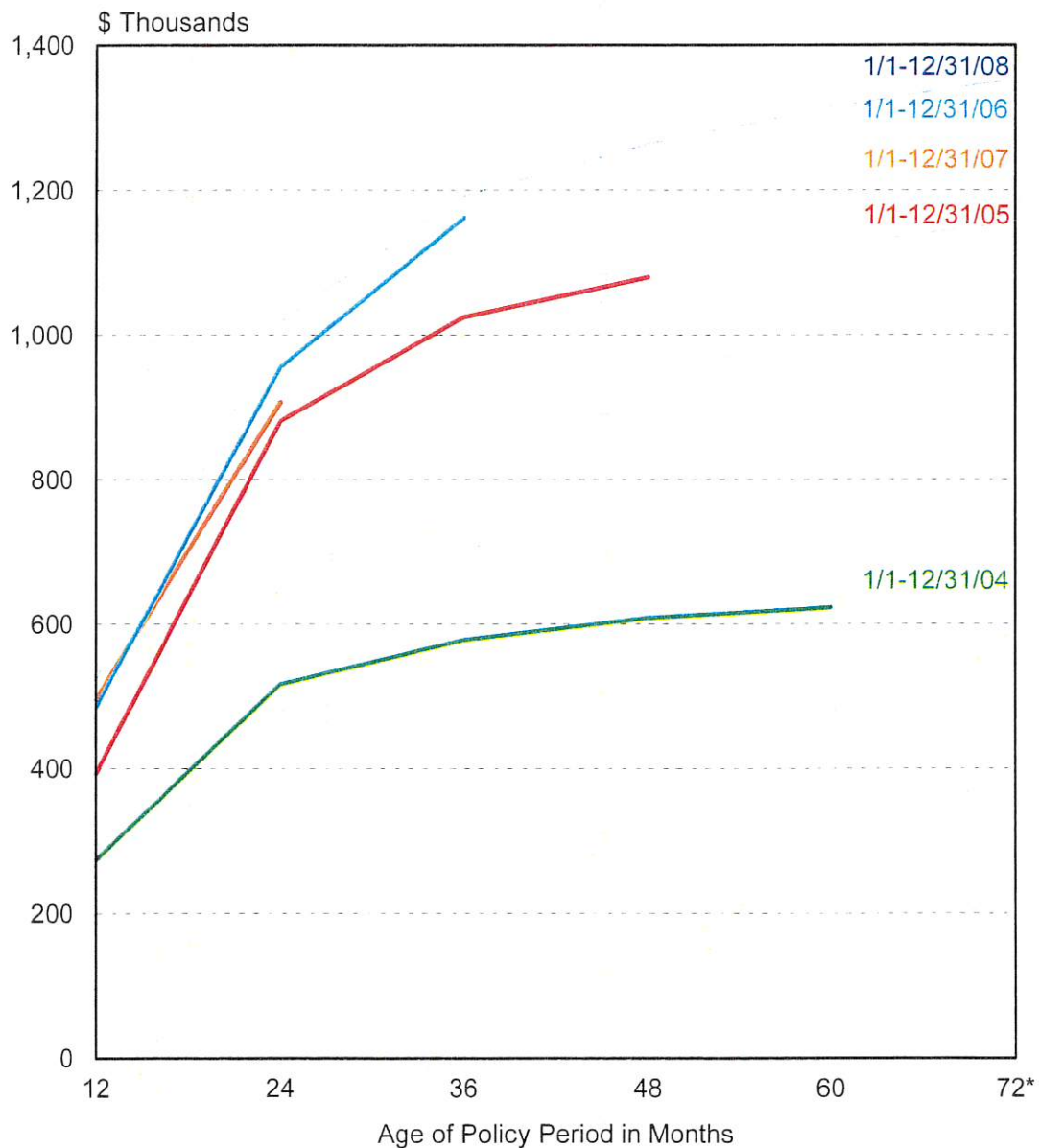


* Expected development of 16.0% after 72 months.

Figure 4

UTAH COUNTIES INSURANCE POOL - WORKERS COMPENSATION

HISTORICAL AND EXPECTED DEVELOPMENT OF PAID LOSSES
(Unlimited Losses Including ALAE)



* Expected development of 34.0% after 72 months.

Table 7

UTAH COUNTIES INSURANCE POOL

WORKERS COMPENSATION

ESTIMATED REQUIRED RESERVES AS OF 12/31/08
(Limited to Specific Retention)

A. SELECTED ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Incurred Loss Development	Paid Loss Development	Incurred Bornhuetter-Ferguson	Paid Bornhuetter-Ferguson	Selected Estimated Ultimate Incurred Losses
1/1-12/31/04	\$ 769,993	\$ 859,548	\$ 780,169	\$ 853,295	\$ 815,751 *
1/1-12/31/05	1,518,633	1,551,150	1,582,782	1,570,893	1,555,865 *
1/1-12/31/06	1,973,835	1,767,420	1,995,698	1,775,929	1,878,221 *
1/1-12/31/07	1,607,260	1,616,516	1,671,487	1,723,926	1,654,797 *
1/1-12/31/08	1,630,766	1,814,257	1,795,316	2,017,890	1,814,557 *
Total	\$7,500,487	\$7,608,891	\$7,825,452	\$7,941,933	\$7,719,191

B. ESTIMATED REQUIRED RESERVES AS OF 12/31/08

Policy Period	Selected Estimated Ultimate Incurred Losses	Incurred Losses as of 12/31/08	Paid Losses as of 12/31/08	Case Reserves as of 12/31/08	Estimated IBNR as of 12/31/08	Estimated Required Reserves as of 12/31/08
1/1-12/31/04	\$ 815,751	\$ 656,991	\$ 622,861	\$ 34,130	\$ 158,760	\$ 192,890
1/1-12/31/05	1,555,865	1,324,061	1,080,941	243,120	231,804	474,924
1/1-12/31/06	1,878,221	1,652,048	1,162,012	490,036	226,173	716,209
1/1-12/31/07	1,654,797	1,202,139	908,155	293,984	452,658	746,642
1/1-12/31/08	1,814,557	1,060,316	522,690	537,626	754,241	1,291,867
Total	\$7,719,191	\$5,895,555	\$4,296,659	\$1,598,896	\$1,823,636	\$3,422,532

* Selected the average unless otherwise noted.

Figure 5

UTAH COUNTIES INSURANCE POOL - WORKERS COMPENSATION

SELECTED ESTIMATED ULTIMATE INCURRED LOSSES
(Limited to Specific Retention)

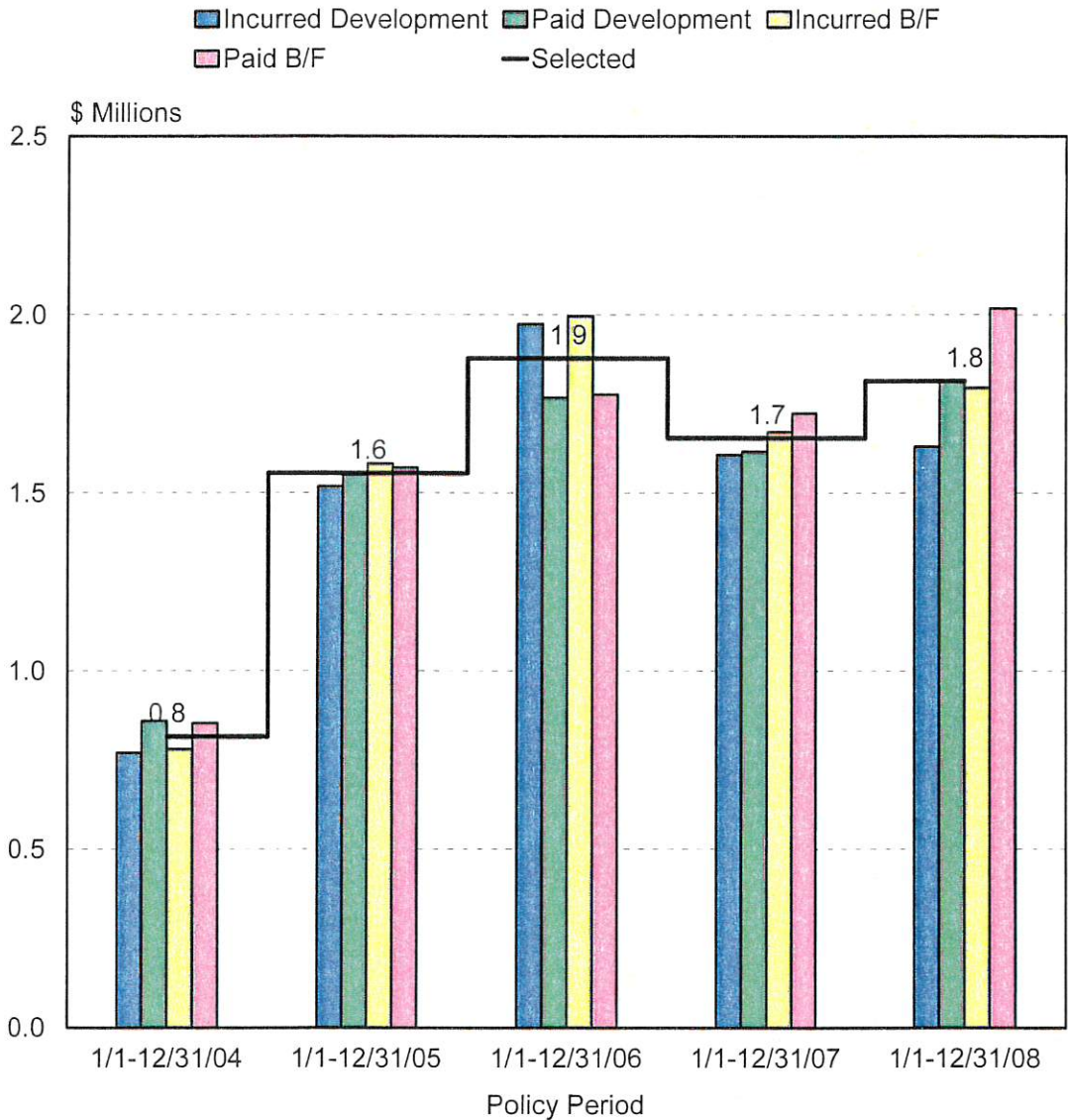


Table 10

UTAH COUNTIES INSURANCE POOL
WORKERS COMPENSATION
HISTORICAL PROFITABILITY ANALYSIS

A. ESTIMATED NET INCOME

Policy Period	Premium [^]	Operating Expenses [^]	Funds Available for Claims	Estimated Ultimate Incurred Losses	Estimated Underwriting Income	Other Income [^]	Estimated Net Income
1/1-12/31/04	\$ 906,667	\$ 669,784	\$ 236,883	\$ 815,751	(\$ 578,868)	\$ 37,256	(\$ 541,612)
1/1-12/31/05	1,651,414	699,094 *	952,320	1,555,865	(603,545)	85,068	(518,477)
1/1-12/31/06	2,080,801	842,475 *	1,238,326	1,878,221	(639,895)	74,841	(565,054)
1/1-12/31/07	2,373,338	851,435 *	1,521,903	1,654,797	(132,894)	81,732	(51,162)
1/1-12/31/08	2,442,381	994,971	1,447,410	1,814,557	(367,147)	137,000	(230,147)
Total	\$9,454,601	\$4,057,759	\$5,396,842	\$7,719,191	(\$2,322,349)	\$ 415,897	(\$1,906,452)

B. ESTIMATED NET INCOME PER \$100 PAYROLL

Policy Period	Premium	Expenses	Funds Available for Claims	Estimated Ultimate Incurred Losses	Estimated Underwriting Income	Payroll (100)
1/1-12/31/04	\$1.00	\$0.74	\$0.26	\$0.90	(\$0.64)	\$ 906,667
1/1-12/31/05	1.06	0.45	0.61	0.99	(0.38)	1,564,634
1/1-12/31/06	1.15	0.47	0.68	1.04	(0.36)	1,811,078
1/1-12/31/07	1.19	0.43	0.76	0.83	(0.07)	1,987,729
1/1-12/31/08	1.14	0.46	0.68	0.84	(0.16)	2,147,510

C. LOSS RATIOS

Policy Period	Paid Loss Ratio as of 12/31/08	Incurred Loss Ratio as of 12/31/07	Estimated Ultimate Incurred Loss Ratio	Permissible Loss Ratio (Funds Available/ Premium)	Combined Ratio [(Ultimate Losses + Expenses)/ Premium]
1/1-12/31/04	0.687	0.725	0.900	0.261	1.638
1/1-12/31/05	0.655	0.802	0.942	0.577	1.365
1/1-12/31/06	0.558	0.794	0.903	0.595	1.308
1/1-12/31/07	0.383	0.507	0.697	0.641	1.056
1/1-12/31/08	0.214	0.434	0.743	0.593	1.150
			0.816	0.571	1.246

[^] Based on the audited financial statements for 1/1-12/31/04 through 1/1-12/31/07 and preliminary estimates for 1/1-12/31/08.

* Split administrative expenses 19% worker compensation and 81% multi-line at UCIP's request.

UTAH COUNTIES INSURANCE POOL

Financial Statements
and
Independent Auditors' Report

December 31, 2008 and 2007

UTAH COUNTIES INSURANCE POOL

CONTENTS

	<u>Page</u>
Independent Auditors' Report	3
Management's Discussion and Analysis	4-8
Basic Financial Statements:	
Statements of Net Assets	9
Statements of Revenues, Expenses, and Changes in Net Assets	10
Statements of Cash Flows	11
Notes to Basic Financial Statements	12-22
Required Supplementary Information:	
Premiums and Loss Development Information	24
Supplementary Information:	
Statement of Net Assets by Lines of Business	26
Statement of Revenues, Expenses, and Changes in Net Assets By Lines of Business	27
Other Independent Auditors' Reports for the Year Ended December 31, 2008 on:	
Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	29-30
Compliance with the State of Utah Legal Compliance Guidelines	31-32

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Utah Counties Insurance Pool

We have audited the accompanying basic financial statements of **Utah Counties Insurance Pool** as of December 31, 2008 and 2007, and for the years then ended, listed in the foregoing table of contents. These basic financial statements are the responsibility of the Pool's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatements. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of **Utah Counties Insurance Pool** as of December 31, 2008 and 2007, and the results of its operations and its cash flow for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis is not a required part of the basic financial statements of the Pool, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying financial information as listed under the heading of Required Supplementary Information in the accompany table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Pool, but is supplementary information required by the Governmental Accounting Standards Board.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2009, on our consideration of the Pool's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Salt Lake City, Utah
April 28, 2009



UCIP MANAGEMENT'S DISCUSSION AND ANALYSIS

For the period ended December 31, 2008

May 4, 2009

In conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, the management of the Utah Counties Insurance Pool presents this Management's Discussion and Analysis for the readers of the Pool's financial statements. Our intent is to provide a narrative overview and analysis of the financial activities of UCIP for the fiscal year ended December 31, 2008. Readers are encouraged to consider this information in conjunction with the financial statements, notes to the financial statements and required supplementary information included in the independent auditor's report.

Financial Statements Provided

Included in the independent auditor's report are the basic financial statements required under the GASB standards including:

- Statement of Net Assets – Accounts for all assets and liabilities of the Pool as of December 31, 2008, showing the balance of net assets (assets minus liabilities) as of that date.
- Statement of Revenues, Expenses, and Changes in Net Assets – Accounts for all revenue and expenses accrued for the fiscal period, with calculation of the change in net assets (revenue minus expenses) for the period. Expenses are classified as Operating Expenses (primarily consisting of expected losses to be paid and the cost of excess insurance covering catastrophic losses), and Administrative Expenses (expenses related to the administration of the Pool which consist primarily of staff salary & benefits and office operations). Expenses are further categorized to provide a level of detail appropriate for general management overview and control.
- Statement of Cash Flows – Accounts for all revenue and expense received or paid during the fiscal period with a calculation of net increase in cash and cash equivalents (revenue minus expenses) and total cash and cash equivalents at the end of the period. This statement provides a contrasting view of the revenue and expenses from the Statement of Revenues, Expenses, and Changes in Net Assets as it accounts for revenue and expenses that were actually received or paid during the period, regardless of when the revenue was earned or due, or when the expense was accrued or invoiced.



Basis of Accounting Methods

Financial statements provided in this report are reported using the Generally Accepted Accounting Principles (GAAP) basis of accounting. Traditional insurance companies often utilize statutory accounting methods in development of their financial statements which differs significantly from GAAP accounting methods. Attempts to perform simple comparisons or benchmark analysis of a commercial carrier's financial reports and the financial reports contained here will likely yield distorted results.

Condensed Financial Information

The following Condensed Financial Statements are meant to provide a summary view of the audited financial statements as support for comments and analysis of the financial condition of UCIP offered by management in this letter.

Net Assets

Total assets increased by \$2,712,817 from year end 2007. Current and other assets increased by \$8,638,624, offset by a reduction in capital assets and investments of \$5,925,807. This movement of investments to cash equivalents was undertaken by management as discussed below.

Total liabilities increased by \$3,069,531 over year end 2007. An increase in estimated loss and loss adjustment reserves accounted for a large portion of this increase.

Net assets fell by \$356,714 during the fiscal year, as a result of a small underwriting loss, an increase in reserves, reduced operating investment income, and a loss on UCIP's capital investment in its reinsurer, County Reinsurance Limited (CRL).

Condensed Statement of Net Assets

	2008	2007	Net Change	2006
Assets:				
Current and other assets	\$ 14,934,056	\$ 12,166,534	\$ 2,767,522	\$ 12,250,878
Capital assets	654,300	709,005	(54,705)	109,269
Total assets	\$ 15,588,356	\$ 12,875,539	\$ 2,712,817	\$ 12,360,147
Liabilities:				
Current and other liabilities	\$ 12,919,808	\$ 9,850,277	\$ 3,069,531	\$ 9,389,677
Long-term liabilities	-	-	-	-
Total liabilities	12,919,808	9,850,277	3,069,531	9,389,677
Net assets:				
Invested in capital assets, net of related debt	654,300	709,005	(54,705)	109,269
Restricted	28,170	28,170	-	79,963
Unrestricted	1,986,078	2,288,087	(302,009)	2,781,238
Total net assets	2,668,548	3,025,262	(356,714)	2,970,470
Total liabilities and net assets	\$ 15,588,356	\$ 12,875,539	\$ 2,712,817	\$ 12,360,147



Operating Revenue and Expense

Revenue from premiums and management fees increased 35% to \$17,877,268 in 2008. This can be attributed almost entirely to an increase in annual premiums for the UCIP Employee Benefits Program of about \$4,000,000. With a drop in operating investment income of 18% over 2007, and an increase in loss and loss expense reserves recognized at the end of the year, UCIP recognized a moderate operating income of \$36,097 for the year. While UCIP had limited its exposure to loss of investment assets by moving investments to the PTIF, its equity investment in CRL sustained a loss of \$392,811. The loss was mitigated by a reduction in administrative expenses of 7%.

Condensed Statement of Operating Revenues & Expenses

	2008	2007	Net Change	2006
Operating revenues:				
Premiums and other considerations	\$ 18,006,195	\$ 13,240,268	\$ 4,765,927	\$ 10,157,287
Investment income	400,047	570,839	(170,792)	436,823
Other income	111	24,926	(24,815)	192,946
Total operating revenues	18,406,353	13,836,033	4,570,320	10,787,056
Operating expenses:				
Losses and loss adjustment expenses	4,624,060	4,281,302	342,758	4,369,981
Excess insurance premiums	12,002,789	7,649,309	4,353,480	5,210,507
Risk management program credit	279,709	230,595	49,114	180,716
General and administrative	1,463,698	1,569,929	(106,231)	1,459,945
Total operating expenses	18,370,256	13,731,135	4,639,121	11,221,149
Net operating income	36,097	104,898	(68,801)	(434,093)
Unrealized gain (loss) on investments	(392,811)	76,146	(468,957)	114,048
Net income	\$ (356,714)	\$ 181,044	\$ (537,758)	\$ (320,045)

Investments

To assure compliance with the Utah Money Management Act, and in recognition of the high risk/low return value of individual investments in the market, UCIP management developed a strategy to place all invested funds in the Public Treasurer's Investment Fund (PTIF) during fiscal year 2008. As Certificates of Deposit and other securities matured during the period they were deposited in the PTIF program. This accounts for a reduction in total investments of \$5,511,097 during the year, with a corresponding increase in Cash and cash equivalents. This strategy allows UCIP to enjoy significant liquidity and protection of capital in its invested assets, while receiving relatively competitive investment income on those investments. Due to market conditions, income on investments fell from \$597,392 in 2007 to \$488,408 in 2008, a drop of 18%.



	2008	2007	2006
Cash and cash equivalents:			
Cash on deposit	\$ 41,388	\$ 381,931	\$ 602,772
Money market funds	11,029	1,891,319	1,592,796
Municipal bonds	1,700,000	1,000,000	-
Utah Public Treasurer's Investment Fund:			
Held by the Pool	10,992,284	474,675	304,667
Held jointly with the State of Utah	1,500,000	1,578,915	-
Total cash and cash equivalents	14,244,701	5,326,840	2,500,235
Investments:			
Certificates of deposit	-	295,000	306,000
Investments - U.S. government securities	32,806	5,216,097	8,499,000
Equity investment in CRL	238,516	631,327	555,181
Total investments	271,322	6,142,424	9,360,181
Total cash and cash equivalents and investments	\$ 14,516,023	\$ 11,469,264	\$ 11,860,416

Financial Position

Given the downturn in the stock market and the economy as a whole, UCIP's loss to net assets in 2008 is considered a good showing in comparison to the standard insurance marketplace. Net assets at year end of \$2,668,548 are below management's targeted surplus, and additional steps will be taken in 2009 to reduce administrative expenses to allow for increased net assets. Based on estimated 2009 premium of \$9,673,489, current surplus to premium ratio stands at .257 to 1, which is within market standards.

Condensed Statement of Changes in Net Assets

	2008	2007	Net Change	2006
Revenues and expenses:				
Revenues	\$ 18,013,542	\$ 13,912,179	\$ 4,101,363	\$ 10,901,104
Expenses	18,370,256	13,731,135	4,639,121	11,221,149
Net income (loss)	(356,714)	181,044	(537,758)	(320,045)
Net assets, beginning of year	3,025,262	2,844,218	181,044	3,164,263
Net assets, end of year	\$ 2,668,548	\$ 3,025,262	\$ (356,714)	\$ 2,844,218



Budget

Due to significant increase in the estimates of loss and loss adjustment reserves identified after the year end, the 2008 UCIP budget understated this expense item. Management intends to solicit an estimate of changes in loss and loss adjustment reserves from the UCIP actuary semi-annually or quarterly to provide additional information for the budget process. UCIP managed administrative expenses well within budget during 2008, and has adopted significantly reduced administrative expenses for its 2009 budget. Management will continue to focus on reduced expenses and loss control efforts to develop an increase in net assets in 2009.

Market Trends in 2009

Management anticipates a reduction of approximately \$8,000,000 in revenue for the 2009 fiscal year, due to changes in the Employee Benefits Program. UCIP will not collect member health premiums and pass them along to the Public Employees Health Plan (PEHP) as it has done in the past several years. As these health premiums were simply passed on to PEHP, the change should have minimal impact on net assets and operating income. Limited revenue growth is anticipated in the property/casualty and workers compensation programs for 2009, based on reductions at the county level by its members. While increases in rates in the traditional insurance market are expected, this should not create any substantial increase in UCIP membership as membership is limited to Utah counties and county related public agencies.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Executive Officer, Utah Counties Insurance Pool, P.O. Box 95730, South Jordan, UT 84095.

UTAH COUNTIES INSURANCE POOL

A handwritten signature in black ink, which appears to read "Johnnie R. Miller", is positioned above the printed name and title of the Chief Executive Officer.

Johnnie R. Miller
Chief Executive Officer

UTAH COUNTIES INSURANCE POOL

Statements of Net Assets
December 31, 2008 and 2007

ASSETS	2008	As Restated 2007
Current assets:		
Cash and cash equivalents	\$ 14,244,701	\$ 5,326,840
Accounts receivable	143,029	126,472
Reinsurance recoverable	257,646	475,348
Accrued investment income	2,594	85,821
Prepaid expenses	-	5,653
Total current assets	14,647,970	6,020,134
Investments	271,322	6,142,424
Capital assets , net of accumulated depreciation of \$129,060 and \$96,779, respectively	654,300	709,005
Security deposit	14,764	3,976
Total assets	\$ 15,588,356	\$ 12,875,539
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Reserves for losses and loss adjustment expenses	\$ 9,860,210	\$ 8,123,001
Accounts payable	1,857,337	1,195,811
Payroll liabilities	762	113
Compensated absences payable	34,056	23,887
Premiums paid in advance	1,167,417	507,440
Total current liabilities	12,919,782	9,850,252
Building related payables	26	26
Total liabilities	12,919,808	9,850,278
Net assets:		
Invested in capital assets	654,300	709,005
Restricted for:		
Building repairs and maintenance	28,170	28,170
Unrestricted	1,986,078	2,288,087
Total net assets	2,668,548	3,025,262
Total liabilities and net assets	\$ 15,588,356	\$ 12,875,539

The accompanying notes to financial statements
are an integral part of these statements.

UTAH COUNTIES INSURANCE POOL
Statements of Revenues, Expenses, and Changes in Net Assets
December 31, 2008 and 2007

	2008	As Restated 2007
Operating income:		
Premiums and other considerations	\$ 17,948,992	\$ 13,208,070
Investment income	7,236	646,985
Program management fees	57,203	32,198
Realized gain (loss) on investments	(923)	23,842
Realized gain (loss) on equipment	(401)	1,084
Miscellaneous income	1,435	-
Total income	18,013,542	13,912,179
Underwriting expenses:		
Losses and loss adjustment expenses	4,624,060	4,281,302
Reinsurance expense	1,796,891	1,479,423
Employee benefit premiums	10,205,898	6,169,886
Risk management program credit	279,709	230,595
Total underwriting expenses	16,906,558	12,161,206
Administration expenses:		
Accounting	22,600	16,989
Actuary	17,000	17,000
Auto	(24,785)	13,477
Bank expense	290	(160)
Board expense	61,197	84,042
Bonding	-	1,500
Building lease	70,411	71,000
Consulting	55,575	80,700
Copying	8,734	6,794
Depreciation	44,575	50,226
Dues and subscriptions	6,054	6,971
Exhibitions and sponsorships	8,977	10,554
Information technology	23,312	70,634
Insurance	8,454	11,090
Land purchase	-	3,271
Land use hotline program	1,690	3,608
Licenses & permits	762	663
Lobbying & legislative tracking	1,420	4,071
Loss control - training	55,293	72,799
Marketing	23	8
Miscellaneous expense	-	360
Office equipment	3,284	1,330
Office supplies	7,975	5,561
Postage	5,152	5,541
Premium credits and incentives	7,543	5,837
Premium taxes	109,307	77,799
Printing	2,696	4,785
Professional fees	9,272	9,081
Staff expenses	947,037	927,496
Telephone	9,850	8,465
TPA WC	-	(1,563)
Total administration expenses	1,463,698	1,569,929
Total operating expenses	18,370,256	13,731,135
Change in net assets	(356,714)	181,044
Net assets, beginning of year	3,025,262	2,844,218
Net assets, end of year	\$ 2,668,548	\$ 3,025,262

The accompanying notes to financial statements are an integral part of these statements.

UTAH COUNTIES INSURANCE POOL
Statements of Cash Flows
For the Years Ended December 31, 2008 and 2007

	2008	As Restated 2007
Cash flows from operating activities:		
Premiums collected	\$ 18,329,260	\$ 12,231,371
Program management fees collected	57,203	32,198
Reinsurance paid	(1,796,891)	(1,479,423)
Amounts withheld for others	(10,221,020)	(6,527,047)
Losses and loss adjustment expenses paid	(2,886,851)	(3,590,141)
Administrative expenses paid	(751,914)	(1,107,048)
Net cash provided (used) by operating activities	2,729,787	(440,090)
Cash flows from capital and related financing activities:		
Building security deposit	(10,788)	-
Change in auto reserve	(31,698)	-
Acquisition of capital assets	-	(68,487)
Proceeds from sales of capital assets	9,000	12,000
Net cash used by capital and related financing activities	(33,486)	(56,487)
Cash flows from investing activities:		
Purchases of investments	(3,680,727)	(3,586,455)
Proceeds from sale of investments	9,196,177	6,904,635
Purchase of land	-	(592,390)
Interest on investments	488,408	597,392
Net cash provided by investing activities	6,003,858	3,323,182
Net increase in cash and cash equivalents	8,700,159	2,826,605
Cash and cash equivalents at beginning of period	5,326,840	2,500,235
Cash and cash equivalents at end of period	\$ 14,026,999	\$ 5,326,840

The accompanying notes to financial statements
are an integral part of these statements.

	2008	As Restated 2007
Reconciliation of change in net assets to net cash used in operating activities:		
Change in net assets	\$ (356,714)	\$ 181,044
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	44,575	50,226
Interest received on investments	(488,408)	(597,392)
Amortization of investments	5,134	648
(Increase) decrease in equity in CRL	392,811	(76,146)
Realized (gain) loss on sale of investments	923	(24,926)
(Gain) loss on disposal of equipment	401	(1,084)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(16,557)	(357,161)
Decrease in accrued investment income	83,227	25,906
Decrease in prepaid expenses	5,653	24,447
Increase in security deposit	(10,788)	-
Increase in reserves for loss and loss adjustment expenses	1,737,209	691,162
Increase in accounts payable	661,526	429,373
Increase in payroll liabilities	649	-
Increase (decrease) in compensated absences	10,169	(40,083)
Increase (decrease) in premiums paid in advance	659,977	(746,104)
Total adjustments	3,086,501	(621,134)
Net cash provided (used) by operating activities	\$ 2,729,787	\$ (440,090)

UTAH COUNTIES INSURANCE POOL
Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Utah Counties Insurance Pool (the Pool or UCIP) was incorporated in December 1991 as the Utah Association of Counties Insurance Mutual (the Mutual). In July 2003, the Mutual was renamed the Utah Counties Insurance Pool. The Pool is a non-profit public agency insurance mutual under the insurance statutes of the State of Utah and is an interlocal entity formed under section 11.13.101 et. seq. *Utah Code Annotated, 1953* as amended, as a joint program to insure risks for counties who enter into the interlocal agreement that creates UCIP. The Pool started insuring workers compensation insurance effective January 1, 2004. The Pool also began an employee benefits pool on January 1, 2006. All of the Pool's business activities are conducted in the State of Utah.

Accounting Principles

These financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP) and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The Pool adopted Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments* (GASB Statement 34), GASB Statement No. 37, *Basic Financial statement and Management's Discussion and Analysis - For State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Disclosures*, in fiscal year 2002, effective January 1, 2001. Effective January 1, 2004, the Pool adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. With the implementation of these statements, the Pool has prepared required supplementary information titled 'Managements' Discussion and Analysis' which precedes the basic financial statements, has prepared a balance sheet classified between current and noncurrent assets and liabilities, has categorized net assets as invested in capital assets and unrestricted, has prepared the statements of cash flows on the direct method, and provided additional schedules to better communicate the financial status of the governmental entity.

The accounting policies of the Pool conform to accounting principles generally accepted in the United States of America in all material respects. In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Fund and Other Governmental Entities That Use Proprietary Fund Accounting*, the Pool has opted to apply all pronouncements issued by the Financial Accounting Standards Board ("FASB") after November 1989, unless the FASB pronouncements conflict with or contradict GASB pronouncements. The following is a summary of the more significant of such policies.

Basis of Accounting

The Pool reports as a single enterprise fund and uses the accrual method of accounting and the economic resources measurement focus. Under this method, revenues are recognized when they are earned and expenses are recognized when they are incurred.

UTAH COUNTIES INSURANCE POOL
Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. The estimates which are particularly susceptible to change related to the actuarial valuation of the claims incurred but not reported and loss reserves. Actual results could differ from those estimates.

The Pool invests in various investment securities which, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the balance sheets.

Income Taxes

The Pool is exempt from the payment of income taxes under Section 115 of the Internal Revenue Code.

Premiums

Substantially all policies have a common annual renewal date of January 1. Premiums written are earned on a daily pro rata basis over the policy term.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Pool considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents. Therefore, the investment in Utah Public Treasurers' Fund, money market funds, and cash on deposit are considered to be cash equivalents.

Investments

Investments are comprised of various U.S. Government securities, certificates of deposit and investment in CRL.

Investments in U.S. Government securities as of December 31, 2008 and 2007 consist of held-to-maturity securities. Held-to-maturity securities are reported at cost, adjusted for amortization of premiums and accretion of discounts that are recognized in interest income using the effective interest method over the period to maturity.

UTAH COUNTIES INSURANCE POOL
Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

The investment in CRL is valued using the equity method of accounting. Under the equity method, the Pool recognizes its proportionate share of the net earnings or losses of CRL which represents its share of the undistributed earnings or losses of CRL.

Capital Assets

Capital assets are defined by the Pool as assets with an initial individual cost of more than \$500. Capital assets are stated at cost less accumulated depreciation. Depreciation on furniture, equipment and electronic data processing equipment is provided over the estimated useful lives of the assets on the straight-line method. Useful lives vary from 3 to 5 years. Depreciation expense for the years ended December 31, 2008 and 2007 amounted to **\$44,575** and \$50,226, respectively.

Maintenance and repairs, which do not materially extend the useful lives and minor replacements, are expensed as incurred.

Compensated Absences

Accumulated unpaid vacation and sick pay amounts are accrued when benefits vest to employees and the unpaid liability is reflected as compensated absences payable.

Reserves for Losses and Loss Adjustment Expenses

The reserves for losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount based on past experience for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes that amounts are adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

Accounting Changes and Corrections of Error

Certain amounts in the 2007 financial statements have been reclassified to conform to the 2008 presentation.

During the 2008 audit, it was noted that the reserve for workers compensation unallocated loss adjustment expenses was not properly accrued in the 2007 financial statements. This resulted in a restatement of the 2007 financial statements of \$194,543 of which \$68,290 increased the loss and loss adjustment expenses in 2007 and \$126,253 decreased the prior net assets.

UTAH COUNTIES INSURANCE POOL
Notes to Basic Financial Statements

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Listed below is a summary of the cash and investment portfolios as of December 31, 2008 and 2007. Investing is governed by the prudent man rule in accordance with statutes of the State of Utah. All investments of the Pool are considered to have been made in accordance with these governing statutes.

Cash and cash equivalents

Cash and cash equivalents of the Pool are carried at cost. The carrying amount of the cash on deposit, net of outstanding checks, is **\$41,388** and **\$381,931**, as of December 31, 2008 and 2007, respectively. The corresponding bank balance of the deposits was **\$2,148,286** and **\$499,779** as of December 31, 2008 and 2007, respectively. As of December 31, 2008 and 2007, **\$250,000** and **\$100,000** of the Pool's cash on deposit was insured by the FDIC.

The Public Treasurers' Investment Fund (PTIF) is a pooled investment fund enabling public agencies to benefit from the higher yields offered on large denomination securities. The PTIF is similar in nature to a money market fund, but is subject to the Money Management Act and Rules of the Money Management Council. The PTIF invests in corporate debt, U.S. Agency notes, certificates of deposit and commercial paper. The maximum final maturity of any security invested in by the PTIF is limited to five years. The maximum weighted average life of the portfolio is limited to 90 days. There is no maturity date on an entity's investment in the PTIF. PTIF deposits are not insured or otherwise guaranteed by the State of Utah. Participants in the PTIF pay an administrative charge on an annual basis based on the average account balance. The PTIF is operated as a service to local governments and does not generate a profit to the Utah State Treasurer.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of December 31, 2008 and 2007, the Pool had amounts over FDIC insurance of **\$1,898,286** and **\$399,779**. As of December 31, 2008 and 2007, the Pool had amounts over SIPC insurance of **\$1,019,176** and **\$1,242,639**.

UTAH COUNTIES INSURANCE POOL
Notes to Basic Financial Statements

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

As of December 31, 2008 and 2007, the Pool's cash and cash equivalents and investments included the following:

	2008	2007
Cash on deposit	\$ 41,388	\$ 381,931
Money market funds	11,029	1,891,319
Municipal bonds	1,700,000	1,000,000
Utah Public Treasurer's Investment Fund:		
Held by the Pool	10,992,284	474,675
Held jointly with the State of Utah	1,500,000	1,578,915
Total cash and cash equivalents	14,244,701	5,326,840
Certificates of deposit	-	295,000
Investments - U.S. government securities	32,806	5,216,097
Equity investment in CRL	238,516	631,327
Total investments	271,322	6,142,424
Total cash and cash equivalents and investments	\$ 14,516,023	\$ 11,469,264

Investments

The Pool records its investments in U.S. Treasuries and U.S Agencies at amortized cost. The differences between book value and fair value as of December 31, 2008 and 2007 are as follows:

	2008				
	Cost/ Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Statement Value
Government bonds	32,806	1,142	-	33,948	32,806
Equity investment in CRL	367,931	-	129,415	238,516	238,516
Total investments	\$ 400,737	\$ 1,142	\$ 129,415	\$ 272,464	\$ 271,322

	2007				
	Cost/ Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Statement Value
Certificates of deposit	\$ 295,000	\$ -	\$ 17	\$ 294,983	\$ 295,000
Government bonds	5,216,097	40,862	2,946	5,254,013	5,216,097
Equity investment in CRL	367,931	263,396	-	631,327	631,327
Total investments	\$ 5,879,028	\$ 304,258	\$ 2,963	\$ 6,180,323	\$ 6,142,424

UTAH COUNTIES INSURANCE POOL
Notes to Basic Financial Statements

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

The schedule below provides information about the credit risk, interest rate risk, credit rate risk, and concentration of credit risk associated with the Pool's investments as of December 31, 2008 and 2007.

2008					
Investment type: as of December 31, 2008:	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Certificates of deposit	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Agencies	33,948	33,948	-	-	-
Equity investment in CRL	238,516	-	-	-	238,516
Total investments	\$ 272,464	\$ 33,948	\$ -	\$ -	\$ 238,516

2007					
Investment type: as of December 31, 2007:	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Certificates of deposit	\$ 294,983	\$ 294,983	\$ -	\$ -	\$ -
U.S. Agencies	5,254,013	2,780,706	2,473,307	-	-
Equity investment in CRL	631,327	-	-	-	631,327
Total investments	\$ 6,180,323	\$ 3,075,689	\$ 2,473,307	\$ -	\$ 631,327

Interest Rate Risk

In accordance with the Pool investment policy, the Pool manages its exposure to declines in fair value by laddering the maturities of its securities.

Credit Rate Risk

It is the Pool's policy to limit its investments to the top ratings issued by nationally recognized statistical rating organizations (NRSROs) so the total investment portfolio maintains an "A" (S&P) or equivalent minimum rating. The Pool's investments in bonds were rated "AAA" by Standard & Poor's and Fitch Ratings, and "Aaa" by Moody's Investors Service.

Concentration of Credit Risk

The Pool's investment policy is that investment in commercial paper, corporate bonds and asset-backed obligations shall not exceed 20% of the total assets of UCIP's investments.

UTAH COUNTIES INSURANCE POOL
Notes to Basic Financial Statements

3. INTEREST RATES

The interest rates for assets held with the Utah Public Treasurers' Investment Fund were 2.27% and 5.08% for the years ended December 31, 2008 and 2007, respectively.

4. INVESTMENT INCOME

Investment income is comprised of the following as of December 31:

	<u>2008</u>	<u>2007</u>
Interest:		
Bonds	\$ 73,469	\$ 353,614
Equity in CRL	(392,811)	76,146
Cash	<u>326,578</u>	<u>217,224</u>
Total investment income	<u>\$ 7,236</u>	<u>\$ 646,984</u>
Cash received:		
Bonds	161,829	378,885
Cash	<u>326,578</u>	<u>217,224</u>
Total cash received	<u>488,407</u>	<u>596,109</u>
Less:		
Equity in CRL	(392,811)	76,146
Change in accrued interest	(83,226)	(25,917)
Amortization	<u>(5,134)</u>	<u>646</u>
Total noncash adjustments	<u>(481,171)</u>	<u>50,875</u>
Total investment income	<u>\$ 7,236</u>	<u>\$ 646,984</u>

UTAH COUNTIES INSURANCE POOL
Notes to Basic Financial Statements

5. CAPITAL ASSETS

The capital assets and related accumulated depreciation of the Pool are:

		2008		
		Beginning Balance	Capital Acquisitions	Ending Balance
Land		\$ 592,340	\$ -	\$ 592,340
Capital assets		213,443	-	191,020
		<u>\$ 805,783</u>	<u>\$ -</u>	<u>\$ 783,360</u>
		2008		
		Beginning Balance	Depreciation Expense	Ending Balance
Accumulated depreciation		\$ 96,779	\$ 44,571	\$ 129,060
		<u>\$ 96,779</u>	<u>\$ 44,571</u>	<u>\$ 129,060</u>
		2007		
		Beginning Balance	Capital Acquisitions	Ending Balance
Land		\$ -	\$ 592,340	\$ 592,340
Capital assets		173,188	68,537	213,443
		<u>\$ 173,188</u>	<u>\$ 660,877</u>	<u>\$ 805,783</u>
		2007		
		Beginning Balance	Depreciation Expense	Ending Balance
Accumulated depreciation		\$ 63,919	\$ 50,226	\$ 96,779
		<u>\$ 63,919</u>	<u>\$ 50,226</u>	<u>\$ 96,779</u>

6. CONTINGENCIES

The Pool is subject to litigation from the settlement of claims contested in the normal course of business. The losses from the actual settlement of such unknown claims are taken into consideration in the computation of the estimated unpaid loss and loss adjustment expense liabilities.

UTAH COUNTIES INSURANCE POOL
Notes to Basic Financial Statements

7. REINSURANCE

Effective 2003, the Pool has purchased only specific reinsurance coverage. The agreement provides for liability insurance in excess of a \$250,000 self-insured retention and property and crime insurance in excess of a \$250,000 self-insured retention.

Effective 2004, the Pool has purchased reinsurance for its workers compensation insurance in excess of a \$300,000 self-insured retention. Effective 2008, the Pool increased its self-insured retention to \$400,000.

Estimated claims loss liabilities are stated net of estimated losses applicable to reinsurance ceded to other insurance companies of **\$1,681,518** and **\$700,997** for the mutli-line and workers compensation pools, respectively as of December 31, 2008. Estimated claims loss liabilities are stated net of estimated losses applicable to reinsurance ceded to other insurance companies of \$1,434,919 and \$700,997 for the mutli-line and workers compensation pools, respectively as of December 31, 2007. However, the Pool is contingently liable for those amounts in the event such companies are unable to pay their portion of the claims.

Unsecured Reinsurance Recoverables

The Company has reinsurance recoverables in the amount of **\$257,646** and \$475,348 from its reinsurers for paid losses as of December 31, 2008 and 2007 respectively.

Reinsurance Recoverable in Dispute

The Company does not have any disputed balances or uncollectible funds.

8. RETIREMENT PLAN

The retirement plan for employees of the Pool is funded by the Pool. The employees are covered under multiple-employer, public employee retirement systems administered by the State Retirement System. This plan is noncontributory and includes a 401(k) plan. The Pool contributes 9.62% and 8.54% of employee's salaries under the plans. The Pool's employees are also covered under a 457 plan for which the Pool contributes 4.3% of employee's salaries.

The total retirement expense for the Pool for the year ended December 31, 2008 and 2007 was **\$136,098** and \$140,209, respectively.

UTAH COUNTIES INSURANCE POOL
Notes to Basic Financial Statements

9. UNPAID CLAIMS, LOSSES AND LOSS ADJUSTMENT EXPENSES

Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years has increased (decreased) by approximately **\$622,000** and **(\$497,000)** in 2008 and 2007, respectively, as a result of reestimation of unpaid losses and loss adjustment expenses. This change is generally the result of ongoing analysis of recent loss development trends. Original estimates change as additional information becomes known regarding individual claims.

	<u>2008</u>	<u>2007</u>
Balance at January 1 (in thousands)	\$ 8,123	\$ 7,305
Incurred, related to:		
Current year	4,625	4,867
Prior year	622	(497)
Total incurred	<u>5,247</u>	<u>4,370</u>
Paid, related to:		
Current year	1,302	1,332
Prior year	2,208	2,220
Total paid	<u>3,510</u>	<u>3,552</u>
Balance at December 31	<u><u>\$ 9,860</u></u>	<u><u>\$ 8,123</u></u>

UTAH COUNTIES INSURANCE POOL
Notes to Basic Financial Statements

10. OPERATING LEASE COMMITMENT

Beginning February 1, 2007, the Pool entered into a three year commitment to lease their office building. The Pool paid **\$70,005** and \$71,000 in rent and maintenance expenses for the years ending December 31, 2008 and 2007, respectively.

On September 4, 2008, the Pool entered into a seven year commitment to lease their office building. The lease commenced in February 2009 at which time the Pool occupied the premises.

Future minimum rental commitments for the building operating lease as of December 31, 2008 are as follows:

2009	\$ 107,880
2010	129,456
2011	129,456
2012	132,696
2013	136,674
Thereafter	309,808
Total minimum lease payments	\$ 945,970

REQUIRED SUPPLEMENTARY INFORMATION

UTAH COUNTIES INSURANCE POOL

Premiums and Loss Development Information

The following table compares the Pool's earned revenues net of reinsurance and investment income to related costs of losses and loss adjustment expenses, net of reinsurance, assumed by the Pool. The table is defined as follows: (1) show each year's net earned premiums, other operating revenues and interest income, (2) shows each year's other operating expenses including overhead and loss adjustment expenses not allocable to specific claims, (3) show incurred losses and allocated loss adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred, (4) shows the cumulative amounts paid as of the end of successive years for each accident year, (5) shows how each coverage year's incurred losses increased or decreased as of the end of the successive years: this annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims, (6) compares the latest reestimated incurred loss amounts to the amounts originally established. Pool information is only available in the format shown below for the years presented.

(in thousands)	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
(1) Earned premiums, other operating revenues and investment revenues, net of reinsurance	2,652	2,891	2,787	2,768	2,803	3,912	5,073	9,542	12,433	16,116
(2) Unallocated expense	253	224	224	233	242	242	-	-	-	-
(3) Estimated incurred claims, both paid and accrued, end of accident year	1,530	1,580	1,715	1,905	2,304	3,495	4,334	4,245	4,672	4,586
(4) Paid (cumulative) as of:										
End of accident year	480	334	504	511	661	1,104	1,383	1,059	1,332	1,302
One year later	744	468	964	910	1,190	1,786	2,361	2,289	2,296	-
Two years later	931	583	1,264	1,224	1,561	2,171	2,832	2,672	-	-
Three years later	1,024	788	1,588	1,406	2,213	2,463	3,276	-	-	-
Four years later	1,302	1,049	1,715	1,567	2,309	2,642	-	-	-	-
Five years later	1,422	1,056	1,715	1,671	2,369	-	-	-	-	-
Six years later	1,495	1,063	1,715	1,850	-	-	-	-	-	-
Seven years later	1,530	1,068	1,715	-	-	-	-	-	-	-
Eight years later	1,530	1,068	-	-	-	-	-	-	-	-
Nine years later	1,530	-	-	-	-	-	-	-	-	-
(5) Reestimated incurred losses and expenses:										
End of accident year	1,530	1,581	1,714	1,905	2,304	3,495	4,334	4,245	4,672	4,586
One year later	1,531	1,183	1,923	1,574	2,178	3,524	4,448	3,773	4,871	-
Two years later	1,530	953	1,715	1,775	2,618	3,302	4,495	4,059	-	-
Three years later	1,463	972	1,715	1,850	2,624	3,100	4,348	-	-	-
Four years later	1,471	1,120	1,715	1,850	2,755	3,399	-	-	-	-
Five years later	1,530	1,079	1,715	1,850	2,776	-	-	-	-	-
Six years later	1,530	1,084	1,715	1,850	-	-	-	-	-	-
Seven years later	1,530	1,068	1,715	-	-	-	-	-	-	-
Eight years later	1,530	1,068	-	-	-	-	-	-	-	-
Nine years later	1,530	-	-	-	-	-	-	-	-	-
(6) Decrease in estimated incurred losses and expenses from end of accident year	-	(512)	-	(55)	472	(96)	14	(186)	199	-

SUPPLEMENTARY INFORMATION

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UTAH COUNTIES INSURANCE POOL

Statement of Net Assets

by Line of Business

December 31, 2008

ASSETS

	Multiline	Workers Comp	Employee Benefits	Total
Current assets:				
Cash and cash equivalents	\$ 11,717,413	\$ 1,072,493	\$ 1,454,795	\$ 14,244,701
Accounts receivable	14,102	128,927	-	143,029
Reinsurance recoverable	257,646	-	-	257,646
Accrued investment income	2,594	-	-	2,594
Total current assets	11,991,755	1,201,420	1,454,795	14,647,970
Investments	198,959	72,363	-	271,322
Capital assets , net of accumulated depreciation of \$145,331	654,300	-	-	654,300
Security deposit	14,764	-	-	14,764
Total assets	<u>\$ 12,859,778</u>	<u>\$ 1,273,783</u>	<u>\$ 1,454,795</u>	<u>\$ 15,588,356</u>

LIABILITIES AND NET ASSETS

Current liabilities:

Reserves for losses and loss adjustment expenses	\$ 6,226,063	\$ 3,634,147	\$ -	\$ 9,860,210
Accounts payable	3,353	139,073	1,714,911	1,857,337
Payroll liabilities	762	-	-	762
Compensated absences payable	34,056	-	-	34,056
Premiums paid in advance	998,274	169,143	-	1,167,417
Total current liabilities	7,262,508	3,942,363	1,714,911	12,919,782
Building related payables	26	-	-	26
Total liabilities	<u>7,262,534</u>	<u>3,942,363</u>	<u>1,714,911</u>	<u>12,919,808</u>

Net assets:

Invested in capital assets	654,300	-	-	654,300
Restricted for:				
Auto	-	-	-	-
Building debt service	-	-	-	-
Building repairs and maintenance	28,170	-	-	28,170
Unrestricted	4,914,774	(2,668,580)	(260,116)	1,986,078
Total net assets	<u>5,597,244</u>	<u>(2,668,580)</u>	<u>(260,116)</u>	<u>2,668,548</u>
Total liabilities and net assets	<u>\$ 12,859,778</u>	<u>\$ 1,273,783</u>	<u>\$ 1,454,795</u>	<u>\$ 15,588,356</u>

UTAH COUNTIES INSURANCE POOL
Statement of Revenues, Expenses, and Changes in Net Assets
by Line of Business
December 31, 2008

	Multiline	Workers Comp	Employee Benefits	Total
Income:				
Premiums and other considerations	\$ 5,146,934	\$ 2,648,098	\$ 10,153,960	\$ 17,948,992
Investment income	(42,382)	25,618	24,000	7,236
Program management fees	-	-	57,203	57,203
Realized loss on investments	(923)	-	-	(923)
Realized loss on equipment	(401)	-	-	(401)
Miscellaneous income	1,435	-	-	1,435
Total income	5,104,663	2,673,716	10,235,163	18,013,542
Underwriting expenses:				
Losses and loss adjustment expenses	2,989,093	1,634,967	-	4,624,060
Reinsurance expense	1,244,364	552,527	-	1,796,891
Employee benefit premiums	-	-	10,205,898	10,205,898
Risk management program credit	202,919	76,790	-	279,709
Total underwriting expenses	4,436,376	2,264,284	10,205,898	16,906,558
Administration expenses:				
Accounting	11,300	7,910	3,390	22,600
Actuary	8,500	8,500	-	17,000
Auto Expense	(27,982)	2,811	386	(24,785)
Bank expense	118	97	75	290
Board expense	30,752	21,367	9,078	61,197
Building lease	38,235	22,523	9,653	70,411
Consulting	24,510	31,065	-	55,575
Copying	4,382	3,071	1,281	8,734
Depreciation	44,575	-	-	44,575
Dues and subscriptions	2,268	676	3,110	6,054
Exhibitions and sponsorships	3,216	1,412	4,349	8,977
Information technology	10,085	12,566	661	23,312
Office Insurance	2,683	1,150	4,621	8,454
Land Use Hotline Program	1,690	-	-	1,690
Licenses & permits	82	680	-	762
Lobbying & legislative tracking	497	213	710	1,420
Loss control - training	27,611	27,682	-	55,293
Marketing	-	-	23	23
Office equipment	1,094	472	1,718	3,284
Office supplies	3,135	842	3,998	7,975
Postage	2,572	1,824	756	5,152
Premium credits and incentives	2,545	1,362	3,636	7,543
Premium taxes	-	109,307	-	109,307
Printing	1,083	377	1,236	2,696
Professional fees	1,648	551	7,073	9,272
Staff expenses	500,490	310,808	135,739	947,037
Telephone	3,343	1,608	4,899	9,850
Total administration expenses	698,432	568,874	196,392	1,463,698
Total operating expenses	5,134,808	2,833,158	10,402,290	18,370,256
Change in net assets before transfers	(30,145)	(159,442)	(167,127)	(356,714)
Transfers between funds	-	-	-	-
Change in net assets	(30,145)	(159,442)	(167,127)	(356,714)
Net assets, beginning of year	5,627,389	(2,509,138)	(92,989)	3,025,262
Net assets, end of year	\$ 5,597,244	\$ (2,668,580)	\$ (260,116)	\$ 2,668,548

OTHER INDEPENDENT AUDITORS' REPORTS

Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based Upon the Audit
Performed in Accordance with *Government Auditing Standards*

The Board of Trustees
Utah Counties Insurance Pool

We have audited the financial statements of **Utah Counties Insurance Pool** as of and for the year ended December 31, 2008, and have issued our report thereon dated April 28, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether **Utah Counties Insurance Pool** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **Utah Counties Insurance Pool's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Utah Counties Insurance Pool's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **Utah Counties Insurance Pool's** internal control over financial reporting.

The management of **Utah Counties Insurance Pool** is responsible for establishing and maintaining internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. Because of inherent limitations in internal control, errors or fraud may nevertheless

Utah Counties Insurance Pool

April 28, 2009

Page 2

occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects **Utah Counties Insurance Pool's** ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of **Utah Counties Insurance Pool's** financial statements that is more than inconsequential will not be prevented or detected by **Utah Counties Insurance Pool's** internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by **Utah Counties Insurance Pool's** internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified the following deficiencies in internal control that we consider to be significant deficiencies.

We proposed audit adjustments that, in our judgment, could have a significant effect, either individually or in the aggregate, on the entity's financial reporting process. As part of our audit, we prepared all of the accrual adjusting entries. Also, if there were differences that were material that were found during audit testing, proposed journal entries were also prepared for those differences. The management of UCIP subsequently made all of the proposed audit adjusting entries.

We noted certain matters involving internal control and its operation, which are not considered to be significant deficiencies or material weaknesses, which we have reported to the management of the **Utah Counties Insurance Pool** in a separate letter dated April 28, 2009.

This report is intended solely for the information and use of the board of trustees and management of **Utah Counties Insurance Pool** and the State Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

Salt Lake City, Utah

April 28, 2009

Independent Auditors' Report on State Legal Compliance

The Board of Trustees
Utah Counties Insurance Pool

We have audited the financial statements of **Utah Counties Insurance Pool** as of and for the year ended December 31, 2008, and have issued our report thereon dated April 28, 2009. As part of our audit, we have audited **Utah Counties Insurance Pool's** compliance with the requirements governing types of services allowed or unallowed; eligibility; matching; level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended December 31, 2008. The Pool received no funding from major State assistance programs from the State of Utah.

Our audit also included test work on the Pool's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

- Cash management
- Purchasing requirements
- Budgetary compliance
- Special districts
- Other general issues

The management of **Utah Counties Insurance Pool** is responsible for the Pool's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Pool's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The Board of Trustees
Utah Counties Insurance Pool
April 28, 2009
Page 2

The results of our audit procedures one material instance of noncompliance with the requirements referred to above, which is described in a separate management letter dated April 28, 2009. We considered this instance of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, except as noted above, **Utah Counties Insurance Pool**, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended December 31, 2008.

Salt Lake City, Utah
April 28, 2009

ACCRUAL BASIS

UTAH COUNTIES INSURANCE POOL Financial Statement Summary For the Period Ending March 31, 2009

	ML	WC	EB	Total
Revenue				
Written Premium	\$1,457,414	\$590,292	\$0	\$2,047,706
Ceded Premium	\$225,118	\$102,122	\$0	\$327,240
Net Premium	\$1,232,296	\$488,170	\$0	\$1,720,466
Other Income	\$0	\$0	\$208	\$208
Total Net Revenue	\$1,232,296	\$488,170	\$208	\$1,720,674
Expense				
Loss & ULAE	\$812,471	\$452,628	\$0	\$1,265,099
Ceded Loss & ULAE	(\$5,221)	(\$69,826)	\$0	(\$75,046)
Net Loss & ULAE	\$817,691	\$522,454	\$0	\$1,340,145
Indirect Underwriting Expense	\$40,640	\$25,646	\$3,902	\$70,188
Total Net Expenses	\$858,332	\$548,099	\$3,902	\$1,410,332
Net Income				
Underwriting Gain(Loss)	\$373,964	(\$59,929)	(\$3,694)	\$310,342
Investment Income	\$10,778	\$4,730	\$98	\$15,606
Total Net Income	\$384,742	(\$55,199)	(\$3,595)	\$325,948
Member Equity				
Prior Year End	\$5,509,499	(\$2,754,562)	(260,116.00)	\$2,494,821
Charge to Equity*	(\$589,119)	\$0	\$0	(\$589,119)
YTD Increase(Decrease)	(\$204,376)	(\$55,199)	(\$3,595)	(\$263,171)
Total Inception To Date	\$5,305,123	(\$2,809,761)	(\$263,711)	\$2,231,650
Ratios				
Premium to Surplus	0.27	(0.21)		
Expense Ratio	2.8%	4.3%	0.0%	3.4%

*Land purchase charged to ML program

UTAH COUNTIES INSURANCE POOL

Tentative 2010 Budget Comparisons

	Approved 2009	Actual as of 3/31/09	Expected as of 3/31/09	Tentative 2010	Variance \$	Variance %
Operating income:						
Premiums and other considerations	\$ 9,725,989	\$ 8,190,823	\$ 8,350,000	\$ 8,821,609	\$ 471,609	5.35%
Investment income	455,655	62,426	249,703	350,000	100,297	28.66%
Program management fees	-	-	-	3,000	3,000	100.00%
Miscellaneous income	-	-	-	-	-	0.00%
Total income	10,181,644	8,253,249	8,599,703	9,174,609	574,906	6.27%
Underwriting expenses:						
Losses and loss adjustment expenses	1,680,814	78,139	5,000,000	6,100,000	1,100,000	18.03%
Reinsurance expense	1,787,475	1,505,633	1,505,633	1,396,675	(108,958)	-7.80%
Risk management program credit	342,898	252,445	252,445	-	(252,445)	0.00%
Total underwriting expenses	3,811,187	1,836,217	6,758,078	7,496,675	738,597	9.85%
Administration expenses:						
Accounting	21,500	2,398	21,500	20,000	(1,500)	-7.50%
Actuary	18,500	9,000	18,500	20,000	1,500	7.50%
Auto	400	235	400	-	(400)	0.00%
Bank expense	300	35	300	260	(40)	-15.38%
Board expense	75,000	5,274	60,000	55,000	(5,000)	-9.09%
Building lease	129,500	17,705	129,500	110,500	(19,000)	-17.19%
Consulting	-	-	-	2,250	2,250	100.00%
Copying	6,880	2,028	8,111	10,200	2,089	20.48%
Depreciation	50,000	18,868	80,000	70,000	(10,000)	-14.29%
Dues and subscriptions	6,230	652	5,000	5,750	750	13.04%
Exhibitions and sponsorships	10,000	-	10,000	20,000	10,000	50.00%
Information technology	40,000	15,302	40,000	34,000	(6,000)	-17.65%
Insurance	8,600	5,902	24,050	8,000	(16,050)	-200.63%
Land purchase	-	-	-	-	-	0.00%
Land use hotline program	10,000	1,132	5,000	7,500	2,500	33.33%
Licenses & permits	-	-	-	-	-	0.00%
Lobbying & legislative tracking	10,000	-	5,000	-	(5,000)	0.00%
Loss control - training	70,000	548	70,000	50,000	(20,000)	-40.00%
Marketing	-	-	-	-	-	0.00%
Miscellaneous expense	-	-	-	100	100	0.00%
Office equipment	59,700	(600)	59,700	50,000	(9,700)	-19.40%
Office supplies	7,225	1,454	7,225	6,025	(1,200)	-19.92%
Postage	5,000	1,367	5,000	4,550	(450)	-9.89%
Premium taxes	80,000	-	80,000	80,000	-	0.00%
Printing	4,750	353	4,750	3,500	(1,250)	-35.71%
Professional fees	60,250	-	50,000	20,000	(30,000)	-150.00%
Staff expenses	1,034,645	195,657	782,630	776,671	(5,959)	-0.77%
Telephone	9,000	2,568	9,000	8,000	(1,000)	-12.50%
Total administration expenses	1,717,480	279,876	1,475,666	1,327,931	(147,735)	-11.13%
Total operating expenses	5,528,667	2,116,093	8,233,744	8,824,606	590,862	6.70%
Change in net assets	\$ 4,652,977	\$ 6,137,156	\$ 365,959	\$ 350,003	\$ (15,956)	-4.56%
Net assets, beginning of year				-		
Net assets, end of year				-		

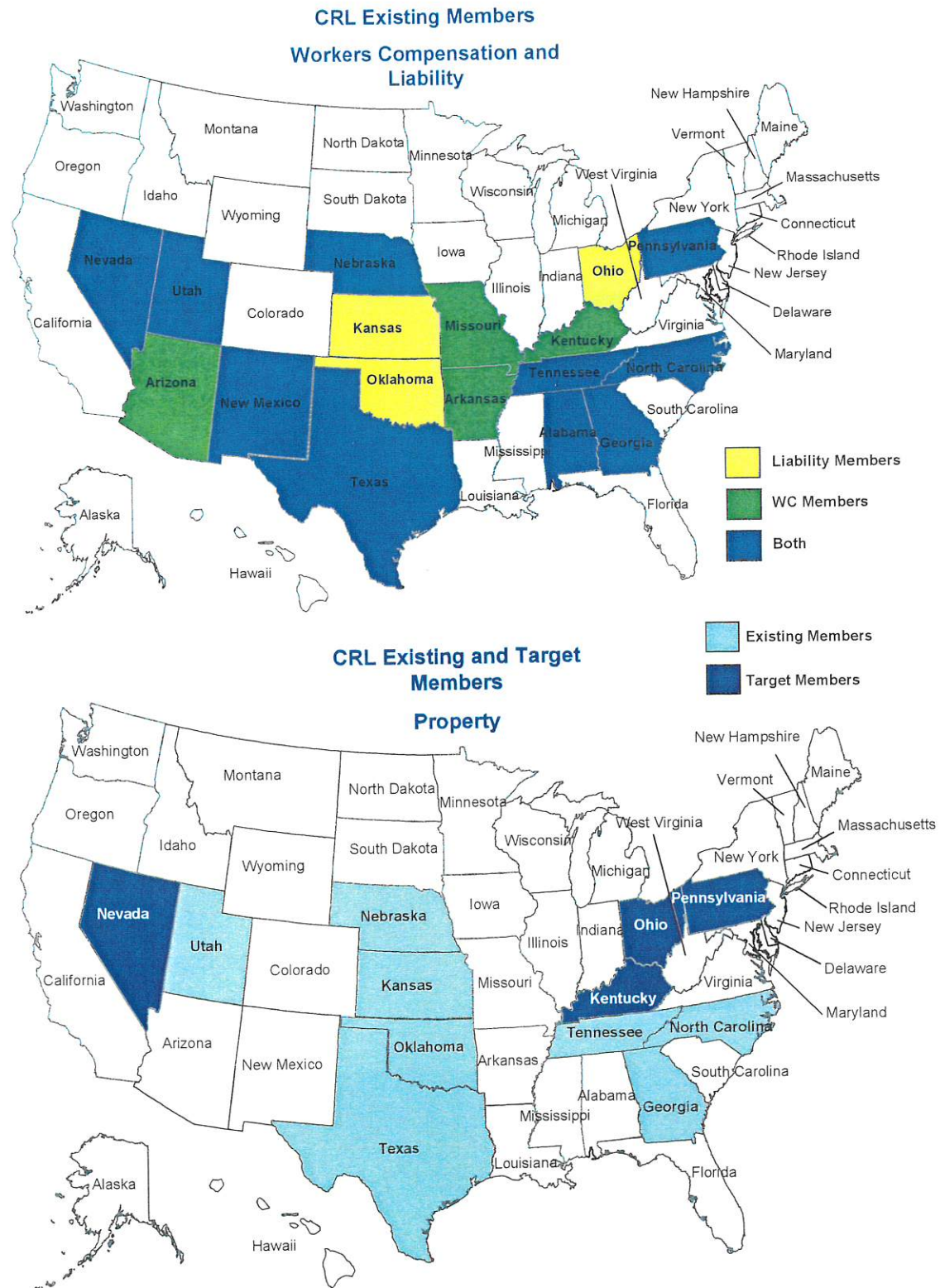
UTAH COUNTIES INSURANCE POOL
Tentative 2010 Budget By Line of Coverage

	Multiline	Work Comp	Benefits	Total
Operating income:				
Premiums and other considerations	5,634,248	3,187,361	-	8,821,609
Investment income	250,000	100,000	-	350,000
Program management fees	-	-	3,000	3,000
Miscellaneous income	-	-	-	-
Total income	5,884,248	3,287,361	3,000	9,174,609
Underwriting expenses:				
Losses and loss adjustment expenses	3,950,000	2,150,000	-	6,100,000
Reinsurance expense	946,675	450,000	-	1,396,675
Risk management program credit	-	-	-	-
Total underwriting expenses	4,896,675	2,600,000	-	7,496,675
Administration expenses:				
Accounting	13,000	7,000	-	20,000
Actuary	13,000	7,000	-	20,000
Auto	-	-	-	-
Bank expense	150	100	10	260
Board expense	30,000	20,000	-	50,000
Building lease	65,000	45,500	-	110,500
Consulting	1,000	1,000	250	2,250
Copying	3,500	2,300	25	5,825
Depreciation	35,000	15,000	-	50,000
Dues and subscriptions	3,250	2,500	-	5,750
Exhibitions and sponsorships	12,000	8,000	-	20,000
Information technology	20,000	14,000	-	34,000
Insurance	4,500	3,500	-	8,000
Land purchase	-	-	-	-
Land use hotline program	7,500	-	-	7,500
Licenses & permits	-	-	-	-
Lobbying & legislative tracking	-	-	-	-
Loss control - training	25,000	25,000	-	50,000
Marketing	-	-	-	-
Miscellaneous expense	-	-	100	100
Office equipment	35,000	15,000	-	50,000
Office supplies	3,500	2,500	25	6,025
Postage	2,500	2,000	50	4,550
Premium taxes	-	75,000	-	75,000
Printing	2,000	1,500	-	3,500
Professional fees	12,500	7,500	-	20,000
Staff expenses	444,173	329,961	2,537	776,671
Telephone	5,000	3,000	-	8,000
Total administration expenses	737,573	587,361	2,997	1,327,931
Total operating expenses	5,634,248	3,187,361	2,997	8,824,606
Change in net assets	250,000	100,000	3	350,003
Net assets, beginning of year				-
Net assets, end of year				-



What is County Reinsurance, Limited (CRL)?

County Reinsurance, Limited (CRL) is a member-owned reinsurance company. The company was formed in 1997 by county associations that operated their own self-insured pools. The National Association of Counties (NACo) and state association executives played a critical role in the formation of the company. CRL is organized as a captive insurance company in the state of Vermont. The company's legal structure as a mutual insurance company means that members of the company own the company. In addition, CRL is organized as a non-profit company. All CRL members are also organized as non-profit companies. CRL provides property, liability, and workers' compensation reinsurance to its members. CRL maintains administrative offices in Clemmons, North Carolina.



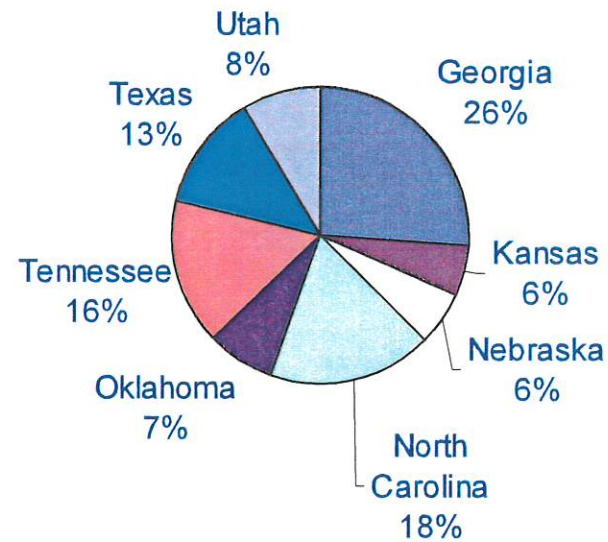
History of the Property Program

The property program began on July 1, 2007 and six members elected to participate the first year. The company has partnerships with additional reinsurance companies to add stability and capacity to its overall program. The objectives of creating the property program were as follows:

- Diversify product offering for CRL members and potential members
- Enhance coverages based on increased premium spend
- Mitigate property market cycles as regard pricing with the use of the captive
- Alternative to grow CRL for members
- Provide greater stability

Current Members

(Total Insurable Values)



Exposure Review

Total Insurable Values: \$17,650,389,296

Number of Locations: 23,350

Largest Locations: 1. \$69,380,000 (Utah)

2. \$53,910,000 (Utah)

3. 49,653,051 (Georgia)

Stratification of Values: 98% of locations below \$10M in values
96% of locations below \$5M in values

Number of Locations
greater than \$25M: 30

Catastrophic Exposure Review

Named Windstorm Tier 1 counties:

Georgia: \$165M

Texas: \$200M

North Carolina: \$825M

Assigned Claims Adjuster

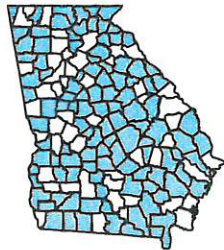
Vericclaim (Tim Carter - Gastonia, NC)

- Founded in 1918
- Provides a full spectrum of claims management services
- One of the most well-respected claims adjusting companies
- Accepted by all insurers on the CRL program
- Largest and most experienced group of independent property adjusters in the world
 - Property adjusting business dominates the commercial property market
- Founding member of vrs universe adjusters network LLC
 - Largest independent claims network in the world
 - Over 300 offices in 65 countries
- Quarterly meetings with CRL (Frank Peterson), Vericlim (Tim Carter) and Marsh (Dick Oelhafen) to review all outstanding open property claims and CRL aggregate accumulation
- Member-specific claims meetings as needed

Existing Property Members

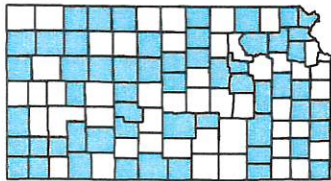
Georgia

TIV	\$4,690,287,287
Number of Locations	5,801
Largest Location	\$49,653,051



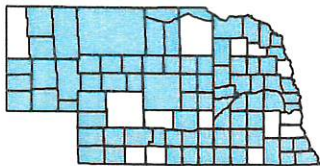
Kansas

TIV	\$993,103,382
Number of Locations	1,751
Largest Location	\$17,988,013



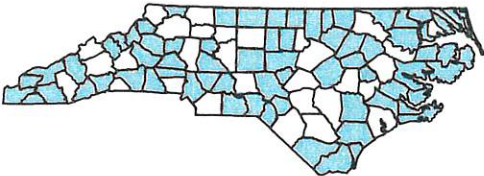
Nebraska

TIV	\$1,009,375,322
Number of Locations	1,219
Largest Location	\$23,071,000



North Carolina

TIV	\$3,175,000,000*
Number of Locations	4,944
Largest Location	\$34,894,000



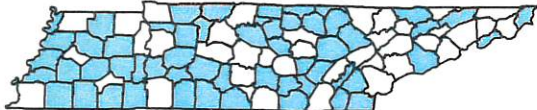
Oklahoma

TIV	\$1,230,197,385
Number of Locations	1,217
Largest Location	\$21,000,000



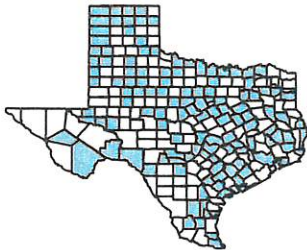
Tennessee

TIV	\$2,789,443,196
Number of Locations	3,057
Largest Location	\$41,779,800



Texas

TIV	\$2,273,397,527
Number of Locations	3,275
Largest Location	\$26,374,760



Utah

TIV	\$1,489,585,197
Number of Locations	1,781
Largest Location	\$69,380,000



Typical Member of Each State



On average, a typical member has totaling approximately \$30,000,000 in values, which usually include courthouses, jails, county prisons, recreational parks and ball fields. Additionally, many members have libraries, vocational centers, administrative offices and local airports. Please note that these statistics are averages and do not comprise and/or warranty all occupancies for members. Refer to the full Statement of Values for detailed exposure and value information.

Target Property Members

Ohio

TIV	\$7,952,869,803
Number of Locations	9,800
Largest Location	\$41,172,566

Kenfucky

TIV	\$2,241,438,489
Number of Locations	4,155
Largest Location	\$35,222,639

Pennsylvania

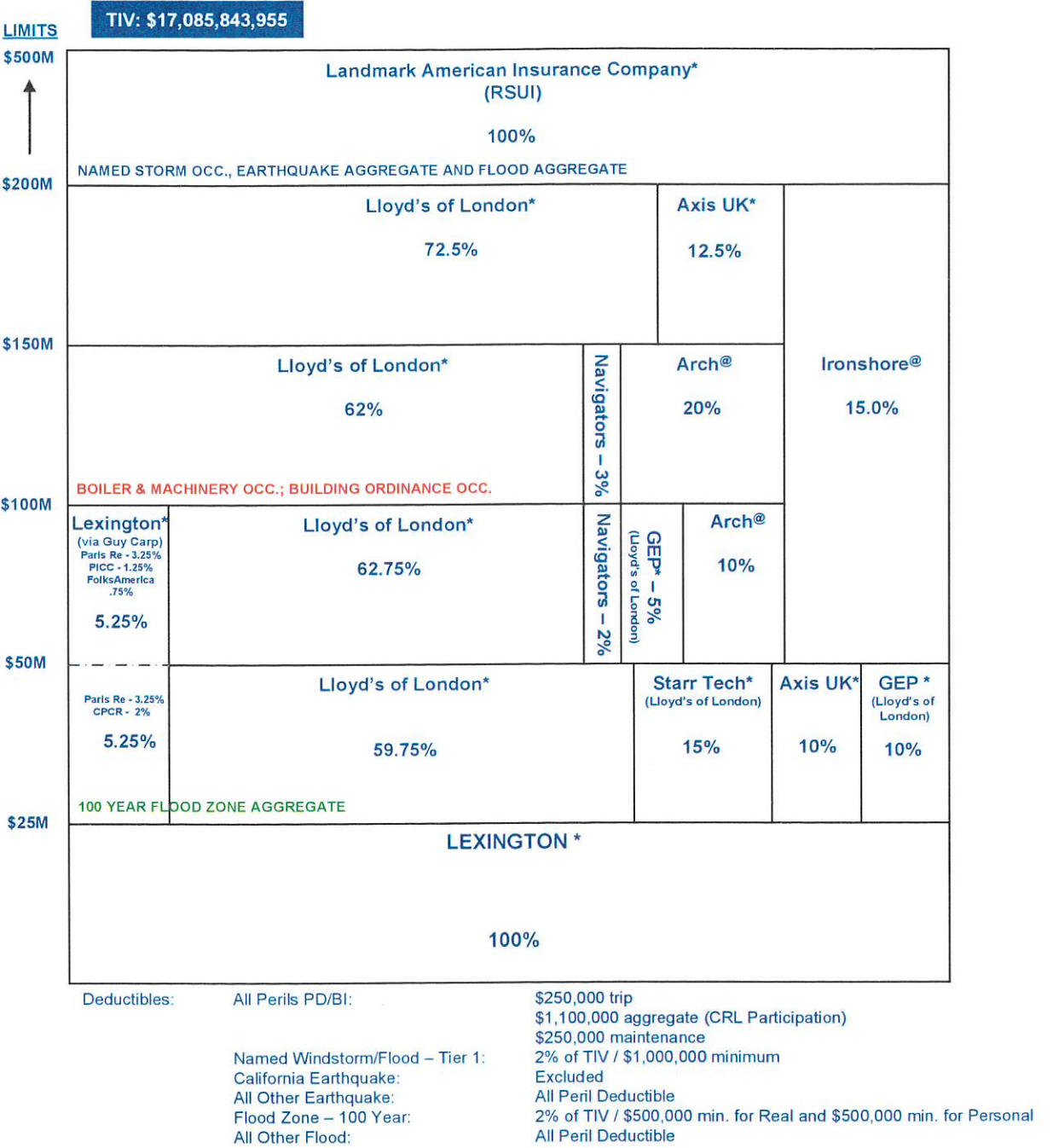
TIV	\$3,059,422,775
Number of Locations	2,456
Largest Location	\$63,418,809

Nevada

TIV	\$2,345,177,088
Number of Locations	3,449
Largest Location	\$41,172,566

*estimate

Pricing/Structure



Specific Rating Structure

Member	All-Risk Rate	Tier 1 Rate	Tier 2 Rate	New Madrid EQ Rate	Other Rate	Composite All-Risk Rate	Terrorism Rate	Object Cert. Rate	CRL Rate	Total Composite Rate
Georgia	.016									
Kansas	.016									
Nebraska	.016									
North Carolina	.016									
Oklahoma	.016									
Tennessee	.016									
Texas	.016									
Utah	.016									

Loss History

2004 - 2008								2009 - 2010		
Trip	\$	250,000						Trip	\$	250,000
Aggregate	\$	1,100,000						Aggregate	\$	1,250,000
Per Occurrence	\$	1,100,000						Per Occurrence	\$	750,000
Maintenance	\$	250,000						Maintenance	\$	250,000

CAT Losses, Not Applicable to Deductible Structure Assumed = Loss Amount Exceeds \$250,000 Deductible (Either Trip or Maintenance)

Location	Loss Date	Description	Status	Incurred Total	Loss Amt. Excess 250K Allocated to Aggregate	Remaining Aggregate	Paid	Remaining Aggregate	Paid
2004 Policy Year									
NC	9/16/2004	Health Department - Flood Damage	Closed	\$ 335,952	\$ 85,952	\$ 1,014,048	\$ -	\$ 1,164,048	\$ -
UT	1/16/2005	Road Shed Exploded; damaging vehicles & equipment	Closed	\$ 546,074	\$ 296,074	\$ 717,973	\$ -	\$ 867,973	\$ -
							\$ -	\$ -	
2005 Policy Year									
NC	9/14/2005	Dept of Planning & Inspection - Building Damage	Closed	\$ 378,732	\$ 128,732	\$ 971,268	\$ -	\$ 1,121,268	\$ -
NE	12/22/2005	Fire in Highway Department shed did extensive damage to building	Open	\$ 625,823	\$ 375,823	\$ 595,445	\$ -	\$ 745,445	\$ -
NC	1/14/2006	Kitchen Area destroyed and extensive smoke, fire	Open	\$ 965,000	\$ 595,445	EXHAUSTED	\$ 119,555	\$ 30,445	\$ -
TX	1/17/2006	Fire	Closed	\$ 390,106	N/A	EXHAUSTED	\$ 140,106	EXHAUSTED	\$ 109,660
NC	2/11/2006	Tools, building materials burned when building caught fire	Open	\$ 711,209	N/A	EXHAUSTED	\$ 461,209	EXHAUSTED	\$ 461,209
TX	3/28/2006	Hail	Open	\$ 535,000	N/A	EXHAUSTED	\$ 285,000	EXHAUSTED	\$ 285,000
TX	4/20/2006	Hail	Open	\$ 482,251	N/A	EXHAUSTED	\$ 232,251	EXHAUSTED	\$ 232,251
TX	4/20/2006	Hail	Open	\$ 320,250	N/A	EXHAUSTED	\$ 70,250	EXHAUSTED	\$ 70,250
UT	4/27/2006	County Building Caught Fire Causing Extensive Damage	Open	\$ 260,000	N/A	EXHAUSTED	\$ 10,000	EXHAUSTED	\$ 10,000
TX	5/4/2006	Hail	Open	\$ 726,500	N/A	EXHAUSTED	\$ 476,500	EXHAUSTED	\$ 476,500
TX	5/5/2006	Hail	Open	\$ 387,750	N/A	EXHAUSTED	\$ 137,750	EXHAUSTED	\$ 137,750
NC	6/2/2006	Lightning Damage to 911 Center	Closed	\$ 326,142	N/A	EXHAUSTED	\$ 76,142	EXHAUSTED	\$ 76,142
Hurricane Rita loss incurred of \$2,824,001 minus \$1,000,000 minimum deductible equals \$1,824,001 paid.							\$ 2,008,763	\$ 1,858,762	
2006 Policy Year									
TN	12/9/2006	Fire Loss @ BI County Waste - Bale Building	Open	\$ 350,000	\$ 100,000	\$ 1,000,000	\$ -	\$ 1,150,000	\$ -
NC	6/30/2007	Fire	Open	\$ 350,000	\$ 100,000	\$ 900,000	\$ -	\$ 1,050,000	\$ -
							\$ -	\$ -	
2007 Policy Year									
OK	8/19/2007	Wind and water damage to Courthouse.	Open	\$ 515,000	\$ 265,000	\$ 835,000	\$ -	\$ 985,000	\$ -
NC	1/30/2008	Contractor left water on after test - Contractors Insurance involved - \$500,000 (Active Subrogation)	Open	\$ 477,845	\$ 227,845	\$ 607,155	\$ -	\$ 757,155	\$ -
GA	5/11/2008	Tornado Damage EMS Facility & 3 Docks	Open	\$ 1,620,500	\$ 607,155	EXHAUSTED	\$ 763,345	EXHAUSTED	\$ 613,345
GA	5/20/2008	Wind/Hail Damages	Open	\$ 733,000	N/A	EXHAUSTED	\$ 483,000	EXHAUSTED	\$ 483,000
NC	6/9/2008	Fire Loss	Open	\$ 275,000	N/A	EXHAUSTED	\$ 25,000	EXHAUSTED	\$ 25,000
TX	6/17/2008	Hail Damage - Jail Roof	Open	\$ 363,538	N/A	EXHAUSTED	\$ 113,538	EXHAUSTED	\$ 113,538.00
Note on New Hanover subrogation is being pursued before final claim is submitted.							\$ 1,384,883	\$ 1,234,883	
2008 Policy Year									
NC	8/16/2008	Fire Trash Compactor	Open	\$ 225,000	\$ -	\$ 1,100,000	\$ -	\$ 1,250,000	\$ -
TN	10/27/2008	Explosion in Maintenance Bldg.	Open	\$ 250,000	\$ -	\$ 1,100,000	\$ -	\$ 1,250,000	\$ -
GA	11/15/2008	Fire Mobile Equipment	Open	\$ 150,000	\$ -	\$ 1,100,000	\$ -	\$ 1,250,000	\$ -
NC	1/16/2008	Fire Trash Compactor	Open	\$ 450,000	\$ 200,000	\$ 900,000	\$ -	\$ 1,050,000	\$ -
							\$ -	\$ -	

Hurricane Dolly loss incurred of \$2,025,300 minus \$1,000,000 minimum deductible equals \$1,025,300 paid.

Hurricane Ike loss incurred of \$3,000,000 minus \$1,000,000 minimum deductible equals \$2,000,000 paid.

Questions and Answers

Valuation:

Terrorism:

Boiler and Machinery:

CRL Captive:

Builder's Risk:

Loss Modeling:

Loss Engineering Reports:

MARSH



MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Property Rates

Member	Terrorism Rate	Object Certification Rate	CRL Aggregate Rate	CRL Expense Rate
Georgia	0.00167	0.00101	0.00561	0.00062
Kansas	0.00167	0.00101	0.00561	0.00062
Nebraska	0.00167	0.00101	0.00561	0.00062
North Carolina	0.00167	0.00101	0.00561	0.00062
Texas	0.00167	0.00101	0.00561	0.00062
Utah	0.00167	0.00101	0.00561	0.00062
Tennessee	0.00167	0.00000	0.00561	0.00062
Oklahoma	0.00167	0.00101	0.00561	0.00062
Total				

9

Property Rates

Member	2008-2009 Total Rate	2009-2010 Total Rate	Rate DELTA vs. 2008-09
Georgia	0.0300	0.0354	15.31%
Kansas	0.0250	0.0264	5.35%
Nebraska	0.0250	0.0264	5.35%
North Carolina	0.0913	0.1001	8.30%
Texas	0.0835	0.0870	4.05%
Utah	0.0250	0.0264	5.35%
Tennessee	0.0273	0.0299	8.13%
Oklahoma	0.0221	0.0299	2.54%
Total			

10

Property Premiums

Member	2008-2009 Total Cost	2009-2010 Total Cost	Premium DELTA vs. 2008-09
Georgia	\$1,294,297	\$1,661,136	28.34%
Kansas	\$233,171	\$262,245	12.47%
Nebraska	\$226,187	\$266,542	17.84%
North Carolina	\$3,083,808	\$3,178,200	3.06%
Texas	\$1,854,215	\$1,978,169	6.68%
Utah	\$349,103	\$393,349	12.67%
Tennessee	\$749,627	\$835,038	11.39%
Oklahoma	\$358,509	\$367,911	2.62%
Total	\$8,148,917	\$8,942,589	9.74%

11

Property Rates – 3 Year Comparison

Member	07/08 Rate	08/09 Rate	09/10 Rate	2 Year Rate Change
Georgia	0.03428	0.03	0.0354	3.30%
Kansas	0.02681	0.025	0.0264	-1.50%
Nebraska	0.02716	0.025	0.0264	-2.77%
North Carolina	0.11514	0.0918	0.1001	-13.06%
Texas	0.10435	0.0835	0.087	-16.61%
Utah	0.02716	0.025	0.0264	-2.77%
Tennessee		0.0275	0.0299	
Oklahoma		0.0291	0.0299	
Total				

12



Utah Counties Insurance Pool
Supporting Your Goals Since 1992

MEMORANDUM

To: UCIP Board of Trustees

From: Johnnie Miller

Date: June 1, 2009

Re: Offer from State on 700 East Property Taking

On March 29, 2009 I received the offer from UDOT for the property they intend to take for road construction from our property on 700 East. The offer includes \$14,014 for transfer of 728 square feet to the state, and \$5,224 for temporary construction easement of 1,898 square feet.

UDOT has provided an appraisal of the property by Free and Associates which provides a valuation of the property before the taking, and a value after the taking. Market study of commercially zoned property sold in the area since 1-1-07 showed our parcel as the high end of properties considered, at \$19.19 per square foot, with the low end being \$16.13 per square foot. Based on market adjustments (and partially based on our current listing price of \$21.00 per square foot) the state is offering \$19.25 per square foot for the property being taken. Value of the property prior to the taking was appraised at \$502,964, with a value after the taking of \$488,950.

We have 30 days from the date of receipt, which would be June 28, to accept, reject or make a counter offer.

JRM/jrm

Utah Counties Insurance Pool

Payments

April 15 - June 5, 2009

Type	Date	Num	Name	Memo	Split	Amount
ML Expense						
Liability Check	4/29/2009		QuickBooks Payroll Service	Created by Payroll Services on 04/24/2009	-SPLIT-	-14,757.88
Liability Check	5/14/2009		QuickBooks Payroll Service	Created by Payroll Services on 05/12/2009	-SPLIT-	-14,733.28
Liability Check	5/28/2009		QuickBooks Payroll Service	Created by Payroll Services on 05/27/2009	-SPLIT-	-14,508.40
Liability Check	4/30/2009	ONLINE	Utah Retirement Systems	Unit No. 864 (APR 2009)	-SPLIT-	-6,201.75
Liability Check	4/30/2009	ONLINE	United States Treasury	EFT ACKNOWLEDGEMENT NUMBER: 270952000114413	-SPLIT-	-5,523.30
Liability Check	4/30/2009	ONLINE	Utah State Tax Commission	Transaction Number: 205732802	-SPLIT-	-944.02
Liability Check	4/30/2009	ONLINE	Nationwide Retirement Solutions	Entity: 644013	-SPLIT-	-2,115.34
Liability Check	5/15/2009	ONLINE	United States Treasury	EFT ACKNOWLEDGEMENT NUMBER: 270953500487374	-SPLIT-	-5,523.30
Liability Check	5/29/2009	ONLINE	Utah Retirement Systems	Unit No. 864 (MAY 2009)	-SPLIT-	-6,166.26
Liability Check	5/29/2009	ONLINE	United States Treasury	EFT ACKNOWLEDGEMENT NUMBER: 270955200171319	-SPLIT-	-5,438.54
Liability Check	5/29/2009	ONLINE	Utah State Tax Commission	Transaction Number: 206895944	-SPLIT-	-944.02
Liability Check	5/29/2009	ONLINE	Utah State Tax Commission	Transaction Number: 206896636	-SPLIT-	-1,867.78
Liability Check	5/29/2009	ONLINE	Nationwide Retirement Solutions	Entity: 644013	-SPLIT-	-2,115.34
Check	4/27/2009	VISA	Wells Fargo	Account Number: 4856 2002 0633 9635	-SPLIT-	-93.87
Check	4/27/2009	VISA	Wells Fargo	Account Number: 4856 2002 0646 9796	-SPLIT-	-285.85
Check	4/27/2009	VISA	Wells Fargo	Account Number: 4856 2002 0869 3567	-SPLIT-	-1,282.80
Bill Pmt -Check	5/26/2009	VISA	Wells Fargo	Account Number: 4856200206339635	Accounts Payable ML	-153.76
Bill Pmt -Check	5/26/2009	VISA	Wells Fargo	Account Number: 4856200208693567	Accounts Payable ML	-963.49
Check	4/23/2009	5068	Wells Fargo	Account Number: 4856200206469796	Accounts Payable ML	-1,578.30
Check	4/23/2009	5068	Johnnie R. Miller	Mileage Reimbursement	-SPLIT-	-126.50
Check	4/23/2009	5069	Office Depot	Invoice Number: 471508766-001	-SPLIT-	-132.90
Check	4/23/2009	5070	Three Graces Catering LLC	Invoice No. 4142009	-SPLIT-	-355.00
Check	4/23/2009	5071	Henriksen/Butler	Invoice Number: 107395	-SPLIT-	-714.36
Check	4/23/2009	5072	Office Depot	Invoice Number: 470139139-001	Building Related Payables	-174.69
Check	4/23/2009	5073	Office Depot	Invoice Number: 470529934-001	-SPLIT-	-20.70
Check	4/23/2009	5074	Utah Safety Council	Invoice Number: 08578	Fees & Licensing ML	-50.00
Check	4/23/2009	5075	Purchase Power	Customer ID: 19821793866	-SPLIT-	-236.99
Check	4/23/2009	5076	LaMar Guymon	Mileage Reimbursement	-SPLIT-	-99.00
Check	4/23/2009	5077	James Eardley	Mileage Reimbursement	-SPLIT-	-85.25
Check	4/23/2009	5078	Kent Sundberg	Mileage Reimbursement	-SPLIT-	-177.10
Check	4/23/2009	5079	Jerry Hurst	Mileage Reimbursement	-SPLIT-	-215.05
Check	4/23/2009	5080	Wayne Smith	Mileage Reimbursement	-SPLIT-	-101.50
Check	4/23/2009	5081	Brad Dee	Mileage Reimbursement	-SPLIT-	-214.50
Check	4/23/2009	5082	Bruce Adams	Expense Reimbursement	-SPLIT-	-250.00
Check	4/23/2009	5083	Kay Blackwell	Expense Reimbursement	-SPLIT-	-35.20
Check	4/23/2009	5084	Gerald Hess	Mileage Reimbursement	-SPLIT-	-203.50
Liability Check	4/23/2009	5085	Opticare of Utah	April Benefits	-SPLIT-	-82.11
Check	4/23/2009	5086	Christensen & Jensen	Expense Reimbursement	1099-Nonemployee Compe...	-837.62
Check	4/30/2009	5087	PEHP-LTD	Coverage Period: April 2009	-SPLIT-	-251.33
Check	5/1/2009	5088	Arthur J. Gallagher & Co.	Invoice Number: 86627	-SPLIT-	-6,458.00
Check	5/1/2009	5089	Les Olson Company	Invoice Number: 1060640-IN	-SPLIT-	-160.41
Check	5/1/2009	5090	Christensen & Jensen	Invoice Number: 58777	-SPLIT-	-348.50
Check	5/1/2009	5091	Western AgCredit	Invoice Number: 5-2009	-SPLIT-	-10,788.00
Check	5/1/2009	5092	Revco Leasing Company, LLC	Invoice Number: 207228	-SPLIT-	-350.00
Check	5/1/2009	5093	Paetec	Invoice Number: 8149306	-SPLIT-	-704.48
Check	5/1/2009	5094	Positive Incentives	Invoice Number: 86451	-SPLIT-	-1,714.90
Liability Check	5/1/2009	5095	Sirius Consulting Group, LLC	Invoice: May (UCIP 1076)	-SPLIT-	-609.11
Check	5/22/2009	5096	Korby M. Siggard	Mileage Reimbursement	Staff Expenses ML	-142.67
Check	5/22/2009	5097	Johnnie R. Miller	Expense Reimbursement	-SPLIT-	-327.85
Check	5/22/2009	5098	Sonya J. White	Expense Reimbursement	-SPLIT-	-300.65
Liability Check	5/22/2009	5099	Public Employees Health Program	Policy Number 1076 (APR)	-SPLIT-	-6,393.10
Bill Pmt -Check	5/22/2009	5100	Henriksen/Butler	Invoice Number: 107881	Accounts Payable ML	-2,595.53
Bill Pmt -Check	5/22/2009	5101	Hilton Garden Inn St. George	May 7 Event	Accounts Payable ML	-4,378.28
Bill Pmt -Check	5/22/2009	5102	Larson & Rosenberger	Invoice Number: 41840	Accounts Payable ML	-6,345.30
Bill Pmt -Check	5/22/2009	5103	NAIW	Sonya White Member Dues 2009-2010	Accounts Payable ML	-106.50

Utah Counties Insurance Pool Payments April 15 - June 5, 2009

Type	Date	Num	Name	Memo	Split	Amount
Bill Pmt -Check	5/22/2009	5104	Office Depot	Invoice Number: 383684	Accounts Payable ML	-110.79
Bill Pmt -Check	5/22/2009	5105	Plitney Bowes, Inc.	Invoice Number: 86475	Accounts Payable ML	-140.25
Bill Pmt -Check	5/22/2009	5106	Positive Incentives	Account Number: R2423713-0	Accounts Payable ML	-485.67
Bill Pmt -Check	5/22/2009	5107	State of UT Dept of Workforce Services	Invoice Number: LA111173	Accounts Payable ML	-3,292.00
Bill Pmt -Check	5/22/2009	5108	State of Utah Mail	Invoice Number: 3450	Accounts Payable ML	-1.30
Bill Pmt -Check	5/22/2009	5109	TCNS, Inc.	Account Number: 5545124	Accounts Payable ML	-2,012.50
Bill Pmt -Check	5/22/2009	5110	Thompson Publishing Group, Inc.	Invoice Number: 146129	Accounts Payable ML	-418.50
Bill Pmt -Check	5/22/2009	5111	Tr-Tel Communications, Inc.	Account Number: 0758593504	Accounts Payable ML	-169.00
Bill Pmt -Check	5/22/2009	5112	Verizon Wireless	Invoice Number: 146128	Accounts Payable ML	-78.65
Bill Pmt -Check	5/22/2009	5113	Tr-Tel Communications, Inc.	Invoice Number: 8402093	Accounts Payable ML	-104.00
Bill Pmt -Check	5/22/2009	5114	Office Depot	Invoice Number: 209943	Accounts Payable ML	-126.56
Bill Pmt -Check	5/29/2009	5115	Paelec	Account Number: 5545124	Accounts Payable ML	-549.16
Bill Pmt -Check	5/29/2009	5116	Revco Leasing Company, LLC	Invoice Number: 2009-000100	Accounts Payable ML	-890.89
Bill Pmt -Check	5/29/2009	5117	Thompson Publishing Group, Inc.	Invoice Number: 08887	Accounts Payable ML	-438.50
Bill Pmt -Check	5/29/2009	5118	UPRMA	2009 Annual Fall Conference	Accounts Payable ML	-959.50
Bill Pmt -Check	5/29/2009	5119	Utah Safety Council	Invoice Number: 6-2009	Accounts Payable ML	-5,500.00
Bill Pmt -Check	5/29/2009	5120	Utah Sheriffs Association	Coverage Period: May 2009	Accounts Payable ML	-1,555.00
Bill Pmt -Check	5/29/2009	5121	Western AgCredit		Accounts Payable ML	-10,788.00
Check	5/29/2009	5122	PEHP-LTD		-SPLT-	-249.50
Total ML Expense						-159,076.63
WC Expense						
Check	4/23/2009	243	New England Business Service, Inc.	Invoice Number: 9929037721-9	Office Supplies WC	-165.76
Check	5/11/2009	244	Mountain View Software	Invoice Number: 13772	Information Technology WC	-126.00
Check	5/22/2009	245	JUA	2009 WC Premium Overpay	Accounts Receivable	-370.00
Bill Pmt -Check	5/22/2009	246	NCCI Holdings, Inc.	Invoice Number: 2574005	Accounts Payable WC	-50.00
Total WC Expense						-711.76
TOTAL						-159,788.39

8:45 Brad Came in

7 times



Utah Counties Insurance Pool

AGENDA

BOARD OF TRUSTEES MEETING

Friday, June 5, 2009, 8:30 a.m., Centennial Room
Zion Park Inn, 1215 Zion Park Blvd, Springdale, UT

7:30 Breakfast *start* Switchback Grill
8:30 Call to Order and Welcome Attendees Kay Blackwell

ITEM ACTION

- 8:30-* 1 Excuse Board Members Absent *KB, KW, White* Kay Blackwell
- S* 2 Approval of April 14, 2009 Meeting Minutes *SW, KB, Bish* Steve Wall
- J* 3 Review/Approve 2008 Actuarial Report and 2008 Financial Audit *White-Hurst* Wayne Smith
- S* 4 First Quarter 2009 Financial Statements Review *SW, White-Bish* Johnnie Miller
- 10:15-30 J* 5 Review Draft 2010 Budgets *Brad, wall* Johnnie Miller
- J* 6 Property Reinsurance Renewal *Bish-Hurst* Johnnie Miller
- 7 Bylaws Committee Report *working on it.* Kay Blackwell
- 8 Coverage Agreement Committee Report *working on it.* Ken Bischoff
- 9 Consider Benefits Consulting Contract *stop white, Karla* Johnnie Miller
- start* *time in - but 11:15 - 11:15*
10 Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual *stop recording. start again* Kay Blackwell
- stop start* *start recording* *strike white-wall?*
11 Action on Personnel Matters *strike* Kay Blackwell
- stop start* 12 Set Date and Time for Closed Meeting to Discuss the Pending or Reasonably Imminent Litigation *time in 9:00 11:15 - 11:32* Kay Blackwell
- S S S* 13 Action on Litigation Matters *Sundberg, Eardley* *stop start* *Ken - Eardley* Kent Sundberg
- S S S* 14 Set Date and Time for Closed Meeting to Discuss the Purchase, Exchange, or Lease of Real Property *time in 5:00 11:33 Ken, Jerry H* Kay Blackwell
- S S S* 15 Action on Real Property Matters *Eardley - Ken B 11:40 - 11:42* Kay Blackwell
- 16 Ratification and Approval of Payments and Credit Card Transactions *wall-white* Steve Wall

INFORMATION

- 17 Loss Control Manager's Report Mark Brady
- 18 Chief Executive Officer's Report Johnnie Miller
- 19 Other Business Kay Blackwell

Adjourn

11:48
July 16th
UCIP
noon
13th
white
August Board mtg. Thurs @ S.J. Rags
Karla-White

Board Meeting June 5, 2009

3. Steve White made a motion to approve the initial actuarial report and financial audit, Jerry Hurst seconded the motion. No one opposed.

4. Johnnie said that line of coverage year to date are losses in Multiline of \$204,000, W.C. of \$55,000 and Employee Benefits of \$3,600. Johnnie suggested that we have a quarterly audit instead of year end to give us a better picture of our losses. Board had requested that Sonya give a monthly review of the financials and Johnnie suggested that we do this on a quarterly review so that Sonya can be utilized in other areas instead. Steve Wall made a motion to approve the first quarter 2009 financial statements, Steve White and Ken Bischoff seconded the motion. No one opposed.

5. The Board received a copy of the tentative budget. The Actuary will review the draft budgets and factor in all that applies concerning new exposure and past history to calculate losses and add administrative costs expected to equal what the premiums will be. The Actuary will then meet with the board to advise rates and losses. Johnnie advised that UCIP will be focusing on lowering administrative costs. Johnnie reviewed the budget with the board. Brad Dee motioned to approve the 2010 budget, Steve Wall seconded. No one opposed.

6. Our reinsurer is County Reinsurance Limited and Johnnie passed out papers for each member to follow along. AIG is there carrier and Johnnie would like Marsh to look at other companies to get into the program. Johnnie advised that we would like to stay with CRL as over a 3 year period our rate continues to go down. They will charge a 2% increase that will be called a capitalization-surplus fee. Johnnie agreed with the 2% increase and asked the board to approve it and send it along to the actuaries. Property Reinsurance renewal, Ken Bischoff motioned and Jerry Hurst seconded. No one opposed.

7. Bylaws Committee met and found that the verbiage in the bylaws was not black and white. With Grand County leaving the pool the bylaws state that no other claims should have been paid as of 01/01/09 and are we required to continue to pay their claims. Johnnie will draft a letter and have an attorney look at it and then send the letter to Grand County certified mail or hand deliver it at there next committee meeting. Kay advised that it be understood that the bylaws will continue to be worked on to clean up the writing. No motion needed at this time.

8. Coverage Agreement Committee met and are in the process of cleaning up the language that could be construed as vague, especially with land use coverage, Kent advised that he would bring up the concern at the next litigation meeting and look for them to give us direction on how to proceed. Committee requested that the changes be presented at the next board meeting. No motion needed at this time.

9. Benefits Consulting Contract was discussed and Johnnie suggested that we send out an RFP to brokers to hire a consultant to run our benefits program. Steve White motioned, Karla Johnson seconded. No one opposed.

13.11:15 to 11:32 Litigation Matters, in the case of UTA-000162-2008 the board gave Korby the authority of up to \$80,000 to settle the case. Kent made the motion and Jim seconded. No one opposed. In the case of WEB-000183-2008 the board advised Johnnie and Korby to speak with Christensen and

Jensen and request that they settle for \$25,000 due to lack of follow up and not being apprised of the ongoing situation by Craig Wentz. Kent made the motion and Jim seconded. No one opposed.

15. Real Property Matters, the board advised Johnnie to accept the offer from UDOT to buy 728 ft. at \$19.25 per square foot. Jim made the motion and Ken seconded it. No one opposed.

18.CEO Report, Johnnie advised that he will be making the final draft with UAC, no significant changes to be made and he will send it over next week to UAC for approval.

Karla made a motion to change the August Board meeting to August 13th at UCIP and July 16th at UCIP. Steve White seconded. No one opposed.

Meeting adjourned at 11:48